

# CONSOLIDATED NON-FINANCIAL STATEMENT

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## 2022

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PURSUANT TO ARTICLES 3 AND 4  
OF ITALIAN LEGISLATIVE DECREE  
N. 254/2016

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SOMEK S.P.A.



**1** **SOME** **MEC**  
**GRUPPO**



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# BUILDING EVERY DAY THE WORLD OF TOMORROW

Dear colleagues and partners,

This is our third Consolidated Non-Financial Statement (hereinafter “CNFS”).

In the last three years, the global backdrop has changed significantly following the health emergency and the outbreak of the war in Ukraine, with strong impacts on the value chain, the approach to digitisation and sustainability. Inspired by Galileo Galilei’s quote, “behind every problem there is an opportunity”, and faced with the changes that society at large is going through, our Group has shown great resilience; it therefore fills me with pride to share some insights with you on the period of strong momentum and change experienced by Somec in 2022.

Our Group operates successfully on a global scale in major international markets through its three business segments – Engineered Systems for Naval Architectural and Building Façades, Professional Kitchen Systems and Products, and Mestieri: Design and Production of Bespoke Interiors – which have replaced the historical division between naval and civil activities and paved the way for Somec’s third evolution. During the year just ended, we further strengthened our foothold in the US by establishing Pizza Group USA LLC and Mestieri USA INC, US-based subsidiaries of the Group’s Italian companies. Through Fabbrica LLC, our overseas flagship, we have won major contracts and are in the growing business of energy efficiency investments in large buildings. Prospects in the naval landscape also look very attractive. In addition to witnessing a general upturn in works, our Group benefited from the entrance of Somec Sintesi, a company that specialises in refitting and maintenance of glass walls on cruise ships for operators based in Europe. Moreover, the Mestieri Business Unit, which a little over a year after its establishment has extended its scope by relying on historical companies representing Italian design and manufacturing excellence backed up by a solid reference portfolio – such as Budri, Ceolin and Lamparredo – thereby enabling Mestieri to improve its know-how in the design and creation of exclusive high-end interiors. After all, Made-in-Italy craftsmanship is synonymous with continuous value generation, this being one of the reasons why it is increasingly in demand around the world.

Each of these building blocks helps us fulfil our ambition to be recognised as an aggregator of all those process, production, industrial and craft skills required to deploy solutions sought by architects and professionals in the naval and civil sectors, for customers of complex turnkey projects all over the world.

Any company operating in today’s competitive market must maintain a high level of commitment to the environment. For this reason, searching for innovative and sustainable solutions is an effort involving the entire Group, from the curtain walls we build for large buildings to the packaging of the products we ship around the world. Thanks to the strong and unfailing endeavours of our R&D departments, we are able to come up with new ideas and offer solutions in every market segment in which we operate. For example, regarding the future of our professional kitchen systems and products, our commitment will continue to be two-fold: (1) seeking ever increasing energy efficiency of the systems (both in the heating and cooling sector), and (2) improving thermal efficiency through a software-hardware system that allows consumption to be monitored by controlling several machines simultaneously. The benefits accruing to our customers are related to both performance and energy savings, meaning less environmental impact.

With a view to increasing transparency in dealing with stakeholders and further strengthening our approach to the Group's sustainability journey, we underwent Sustainalytics assessment again in 2022. This assessment measures on the one hand exposure to industry-specific material ESG risks and, on the other hand, how well the company manages these risks. Based on the findings, Somec was awarded an ESG risk rating of 22.5, a two-point improvement compared to the 2021 rating of 24.5. This rating also allowed Somec to move up in the overall ranking of the companies being monitored, where it ranks 33rd out of 140, up ten places compared to the previous year. This also allowed the company to position itself at the lower end of the range, i.e., in the medium risk band (20-30). In addition, as benchmarked against four other peers on a like-for-like basis in terms of market capitalisation, Somec scored the best ESG Risk Rating.

As you will read in this report, we are aware that industrial growth must also be combined with a strong social responsibility towards the community and people. To this end, the Group's Code of Ethics, which all parties concerned can access, identifies and sets out the fundamental principles that all companies must rely upon in the conduct of their business (lawfulness, transparency, fairness, loyalty, professional behaviour, environmental protection, protection of competition, safety in the workplace, protection of the individual, protection of physical integrity of individuals and protection of privacy are some of the cornerstones of this report). Similarly, the focus on the well-being and empowerment of resources will cause procedures related to employee management in all subsidiaries to be adjusted. A first step in this regard was extending to the different companies (including newly-acquired companies) the Internal Regulations, policies on several issues and the introduction of plans for training resources.

As we are aware of the value of human capital and of the difficulty in finding certain professional profiles, we have also started a collaboration scheme with Ca' Foscari University and the Faculty of Architecture of the University of Venice to recruit profiles with specialised skills, particularly in the Interiors sector.

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Following an eventful year and looking to the future, I believe that the more ambitious the goals for growth and development, the greater our commitment to society, the environment and people must be.

It is on these very bases that our dream rests, i.e., to gain increasing recognition worldwide as a hub of Italian manufacturing quality.

Thank you,

Oscar Marchetto  
*Chairman of Somec S.p.A.*







The consolidated non-financial statement (hereinafter also "CNFS") for Somec S.p.A. (hereinafter also "Somec" or the "Group") was prepared in accordance with the provisions of articles 3 and 4 of Legislative decree n. 254/2016 - implementing EU directive 2014/95 ("Barnier Directive") - and subsequent amendments, regarding the non-financial reporting obligations of large public interest entities.

With Legislative Decree n. 254/2016, the Italian legislator has transposed the provisions of the Barnier Directive into Italian law concerning the disclosure of non-financial information and information on diversity by certain companies and certain large groups. In particular, as of the 2017 financial year, public interest entities (as defined by art. 16, paragraph 1 of Legislative Decree 27 January 2010, n. 39), of the dimensions defined by art. 2, paragraph 1, of Legislative Decree n. 254/2016 (a category that includes Somec), are required each financial year to prepare a non-financial statement containing information that provides the reader with an understanding of the company's business, its performance, its results and the impact it has in terms of environmental, social, human resources, human rights and anti-corruption measures, considered relevant based on the business and characteristics of the enterprise. Pursuant to article 2, paragraph 2 of Legislative Decree n. 254/2016, in the case of public interest entities that are parent companies of a large group, such as Somec Group, the non-financial statement must be drawn up on a consolidated basis in accordance with the provisions of article 4 of Legislative Decree n. 254/2016.

Pursuant to the provisions of articles 3 and 4 of the Decree, the objective of the CNFS is therefore to explain the organisational model, the business, the key risks (and related risk management approach) and performance indicators of the Somec Group in relation to environmental and social aspects as well as to human resources, human rights, and anti-corruption measures relevant to the business and characteristics of the Group.

According to the provisions of art. 5, paragraph 3 of the Decree, the non-financial statement is separate from the "Directors' Report" included in the Group's Consolidated Annual Financial Report.

In accordance with the EU Taxonomy Regulation 2020/852, the Somec Group CNFS contains a specific section dedicated to the mapping of economic activities that respect the criteria of eco-sustainability as defined by the legislation - and therefore can be considered "sustainable" in the framework of the Taxonomy.

This, the Group's third non-financial statement, describes the reporting period between 1 January 2022 and 31 December 2022, and also allows the reader to compare the results with those of the 2020 and 2021.



# SOMEC GROUP

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## THE GROUP'S IDENTITY

Somec Group is composed of a number of companies that are highly specialised in the design, engineering and execution of large turnkey projects involving the construction of glass envelopes for the marine and civil construction sectors, as well as the production and installation of professional kitchens and outfitting of public areas and interiors. Through targeted acquisitions and expansion, the Group's strategy is aimed at consolidating its ability to meet the needs of the world's largest customers in its business sectors, by developing innovative solutions using a wide variety of highly specialist skills. In other words, the Group's high level of expertise has allowed it to reach - and maintain - a leadership position on the market.

The Group's story began in 1978 in San Vendemiano (Treviso), thanks to the intuition of Aldo and Ermenegildo Sossai, who founded Somec S.p.A. and began making glass envelopes for the civil construction sector. After fifteen years, in 1993 Somec began designing, producing and installing windows and glass envelopes on cruise ships, thus expanding its business in the Seascope division which specialises in the Marine glazing segment.

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After further expanding into the marine refitting sector in 2005, the challenges brought about by the 2008 crisis for the Italian real estate market paved the way for a marked change of direction, thus becoming a milestone in Somec's history: the management team, headed by Oscar Marchetto and composed of a group of entrepreneurs, launched the project **"New horizons are where sky and sea meet"**. The momentum created by this change of direction meant that in a short time Somec's sales capacity, in both the land-based and marine sectors, was greatly strengthened and diversified, preparing it for its expansion into new business sectors and geographic areas in the following years. In 2016, the Group acquired Oxin, thereby entering the market of professional kitchens for cruise ships. At the same time, after establishing Fabbrica LLC (Somec gained the majority stake two years later) the Group expanded into the business of making glass envelopes for the construction sector in the United States.

In the following years, the Group established a number of new companies and made several acquisitions - which, overall, helped to strengthen the Group's presence in its business sectors: Inoxtrend, which operates in the professional kitchen supplies market, was acquired in 2017; Hysea, established during the same year in order to strengthen the Group's position in cruise ship public area interiors; Skillmax, specialising in public area interiors; Gico and Pizza Group, which produce and install professional kitchens. The establishment of Somec Shanghai in 2019, marked Somec's début in the Far East as of 2021/2022, and was just a precursor to one of the most important steps made by the Group in its 40-year history: in August 2020, Somec was listed on Borsa Italiana's Mercato Telematico Azionario (MTA).

This new beginning has allowed the Group to continue to look ahead, using its solid foundations to meet its growth targets and consolidate its business activities, particularly in the land-based sector. In this direction, in July 2021 Somec signed an agreement for the acquisition of 60% of the share capital of Bluesteel Srl, a European player in engineered façade and window and door systems. Completed in 2022, this is an M&A transaction with strong strategic value, serving in the international consolidation of the division that deals with engineered systems for civil architecture and facades, already growing steadily in the United States through the subsidiary Fabbrica LLC.

The operation allows Somec to expand its civil business in Europe more rapidly, relying on important production and design synergies among the various Group companies, on combined contributions of high competence in complex building envelope projects, and on our consolidated presence in the old continent. The Bluesteel Srl acquisition was followed by an increase in controlling interest in the American company Fabbrica LLC, aimed at further strengthening the Group's role in sharing in the management of this company, as it further grows involvement in numerous innovative projects for façades of iconic buildings. From October 2021 to March 2022, Gico served as the Silver Sponsor for the Italian Pavilion at Expo 2020 Dubai, and with the creation of the working environment for Chef Niko Romito (Bulgari Hotels) confirmed its place among the world's leading players in the outfitting of professional kitchens. This prestigious collaboration confirmed the company's strategy of working alongside starred restaurants, providing tailor-made solutions that express our constant research in product quality.

In the second half of 2021, the Group presented its new identity, involving new logos and identity communication tools extending through Somec and all the individual companies, precisely identifying the different fields of action, and all in a coordinated and coherent manner. The new group website further contributed to presenting the market with a renewed, contemporary, clear image. In late October, management met with an audience of stock-exchange analysts and financial investors for presentation of the Group's objectives and growth strategy to 2025, and introducing the new evolution leading to recognition of Somec as a hub of Italian construction quality, a partner of excellence in the world, and an expert in complex turnkey projects in three business segments: engineered systems for marine architecture and civil façades; professional kitchen systems and products; design and production of bespoke interiors.

With this evolution, Somec has laid the foundations of an ambitious project: to bring together excellence in the processing of the finest materials - metals, marble, fabrics and wood - for a complete and exclusive offer, under the brand name "Mestieri". This name, signifying "the master trades", is chosen specifically for its references to the "Made in Italy" brand, and its distinctive indications of specialisation, attention to detail, craftsmanship. And indeed, the world of high-end interior design is already looking at Mestieri with great interest.

In 2022, Somec further strengthened its foothold in the United States by establishing Pizza Group USA LLC and Mestieri USA INC, US-based subsidiaries of the Group's Italian companies. With a view to expanding the operating scope of the Mestieri Business Unit (BU), the Group finalised the acquisition of majority stakes in Budri S.r.l., specialising in the processing of precious marble and natural stone, and Lamp Arredo S.r.l., specialising in the production of furniture and ornamental metal items for boutiques, hotels, museums and exclusive homes. In addition, it entered into a non-binding letter of intent for the acquisition of Gino Ceolin S.r.l.<sup>(1)</sup>, a company specialising in customised metalwork for exteriors and interiors, particularly for use in high-end retail, hospitality and residential environments. The naval segment was also boosted with the entry of Somec Sintesi, a company specialising in restoration and maintenance services for window walls on cruise ships for operators based in Europe.

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(1) On 20 December 2022, following a non-binding letter of intent disclosed to the market on 31 May 2022, Somec S.p.A. announced that it had entered into a preliminary binding agreement to acquire 60% of the share capital of Gino Ceolin S.r.l. This transaction was finalised by Mestieri S.r.l. on 25 January 2023.



SYSTEMS OF NAVAL ARCHITECTURE AND BUILDING FAÇADES



**SOMEK**  
NAVALE

**SOMEK**  
SINTESI

**NAVALTECH**

**SOTRADE**



**FABBRICA**

**FABBRICA**  
WORKS

**AFM**

**bluesteel**

**SQUADRA**

PROFESSIONAL KITCHEN SYSTEMS AND PRODUCTS





**M**OXIN



**M**TSI  
**M**HYSEA



**GICO**

**INOXTREND**

**PRIMAX**

**PIZZAGROUP**



**MESTIERI:**  
DESIGN AND  
CREATION  
OF CUSTOM  
HIGH-END  
INTERIORS



**SKILLMAX**  
**SKILLBUILD**

**BUDRI**<sup>®</sup>  
lamparredo

**MESTIERI**  
SOMEC GRUPPO



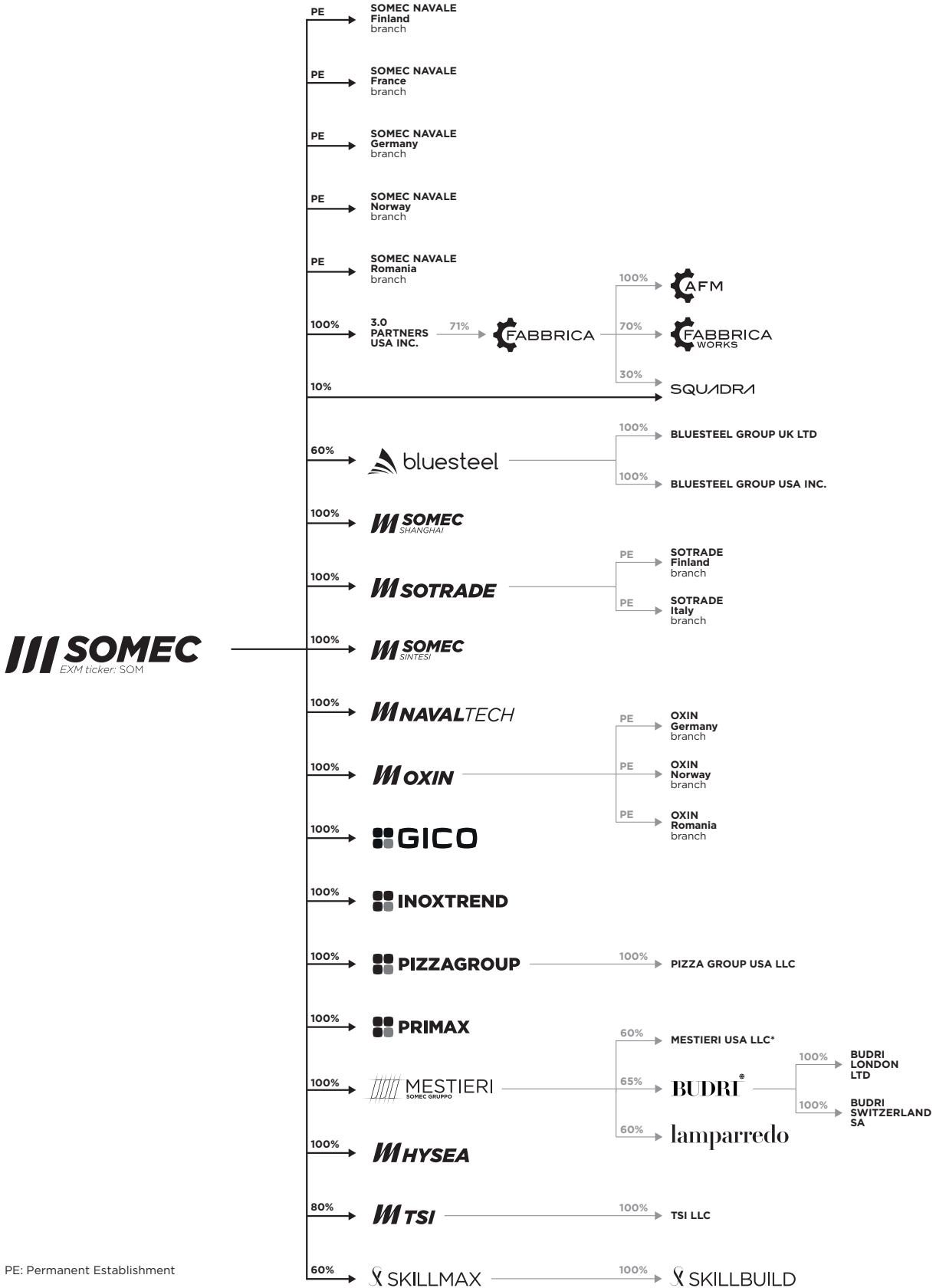
Thanks to this expansion and Somec's diversified but complementary expertise, the Group now has offices and plants on three continents, directly or indirectly controlling about 20 companies in Italy, United States, Finland, France, Germany, Slovakia, United Kingdom, Romania, Norway, China, Canada, and employing a total of 909 people.

Coordinating a business with various facets and characteristics is a challenge, but also a strength of Somec Group, which is able to apply its unique engineering expertise in all projects to create innovative, integrated and tailor-made solutions for its customers. Somec and its people strive to use technological innovation to "build the world of tomorrow every day", acting as the go-to operator in the market, respecting the law, the environment and its workers.



# COMPANY STRUCTURE

The following graph shows the Group's structure at 31 December 2022.



PE: Permanent Establishment  
 \*MESTIERI USA INC.:  
 60% owned by Mestieri S.r.l.  
 and 40% by 2.0 Partners LLC



**FLORIDA**

NAVALTECH   
TSI 

**TEXAS**

PIZZA GROUP USA 

**NEW YORK**

 3.0 PARTNERS USA  
 BLUESTEEL GROUP USA  
 MESTIERI USA

**CONNECTICUT**

 FABBRICA

**CANADA**

 ATELIER  
DE FAÇADES

**GERMANY**

SOMEC BRANCH   
OXIN BRANCH 

**SWITZERLAND**

BUDRI SWITZERLAND 

**FRANCE**




SOMEC BRANCH 

**UK**

BLUESTEEL GROUP UK   
BUDRI LONDON 

LEGEND

-  HEADQUARTERS
-  PRODUCTION PLANTS
-  NO-PRODUCTION PLANTS

-  DIRECTLY OWNED SUBSIDIARIES
-  INDIRECTLY OWNED SUBSIDIARIES
-  BRANCHES



## ITALY

🏠 SOMEK GRUPPO HQ  
SOMEK NAVALE

- 🏭 BLUESTEEL
- 🏭 BUDRI
- 🏭 FABBRICA WORKS
- 🏭 GICO
- 🏭 HYSEA
- 🏭 INOXTREND
- 🏭 LAMP ARREDO
- 🏭 MESTIERI
- 🏭 OXIN
- 🏭 PIZZA GROUP
- 🏭 PRIMAX
- 🏭 SKILLMAX
- 🏭 SKILLBUILD
- 🏭 SOMEK SINTESI
- 🏭 SQUADRA
- 🏭 TSI
- 🏭 SOTRADE BRANCH

## NORWAY

🏭 SOMEK BRANCH  
🏭 OXIN BRANCH

## FINLAND

🏭 SOMEK BRANCH  
🏭 SOTRADE BRANCH

## SLOVAKIA

🏭 SOTRADE

## ROMANIA

🏭 SOMEK BRANCH  
🏭 OXIN BRANCH

## CHINA

🏭 SOMEK  
SHANGHAI

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## GOVERNANCE, INTEGRITY AND TRANSPARENCY

Somec is aware that a key part of the strategy of expansion and leadership on its markets is the deep sense of responsibility that permeates the Group's activities all over the globe. With this in mind, Somec has adopted a governance structure that consists of a Board of Directors that is nominated at the Shareholders' Meeting and is composed of five members<sup>(2)</sup>. The Board holds the powers for the ordinary and extraordinary administration of the Group, including setting the organisational and strategic guidelines.

The Ordinary Shareholders' Meeting of 29 April 2020 of Somec S.p.A. approved the Shareholders' Meeting Regulations governing the conduct of Ordinary and Extraordinary Shareholders' Meetings, including voting on the appointment of the Board of Directors. These regulations are available to shareholders for their perusal at the registered office and on the corporate website ([www.somecgroup.com](http://www.somecgroup.com)).

The Board of Directors of Somec S.p.A., the Group's highest governing body, consists of executive and non-executive directors, all of whom meet the requirements laid down by the law provisions and regulations in force and applicable from time to time. They also have professional experience and skills adequate to the tasks entrusted to them, including with reference to sustainability and sustainable development issues.

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The criteria used for the nomination and selection of board members include the following aspects:

- views of stakeholders (including shareholders)
- diversity
- independence
- meaningful expertise in relation to the organisation's impacts

With regard to stakeholders, Somec has prepared and published its "Policy for managing dialogue with shareholders and other stakeholders" in the pursuit of the following goals:

- ensuring a non-discriminatory, constant and open relationship, based on a mutual understanding of roles, with current institutional investors, potential investors, financial market operators, the Italian and international economic press, rating agencies and proxy advisors, trade associations and its shareholders in general as well as holders or bearers of other financial instruments issued by the Company
- providing stakeholders with greater insights into the activities carried out by the Company and the Group, its economic and financial performance and its strategies aimed at pursuing sustainable success in line with the recommendations of Article 1 of the Corporate Governance Code, as well as maintaining an adequate information flow with such stakeholders based on principles of fairness and transparency, in compliance with the law

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(2) The Somec Group Board of Directors is composed of four men and one woman, all of whom are aged over 50.

The number, skills and authority of the non-executive directors are such as to ensure that their judgement can carry significant weight in the decision-making process of the Board while guaranteeing effective monitoring of operations. Non-executive directors rely on their specific expertise to contribute to board discussions, including sustainability issues, helping reach decision in line with the corporate interest while taking into account the interests of other stakeholders.

The composition of the Board of Directors complies with the gender requirements set forth in the applicable laws and regulations, the Articles of Association and the Corporate Governance Code. The chairperson of the Board of Directors is not an executive of the organisation.

The parent company's internal control system includes specific procedures (e.g., related party procedure, 231 Compliance Programme, etc.) designed to prevent and mitigate possible conflicts of interest of directors. More specifically, these procedures set out specific controls to ensure that transactions with related parties comply with criteria of transparency, substantive and procedural fairness and are conducted in the exclusive interest of Somec.

In transactions with related parties of greater significance, which may also be carried out through subsidiaries, the Company prepares, pursuant to Article 114(5) of the Consolidated Act on Finance (TUF), a briefing paper intended for the market, informing stakeholders.

The Board of Directors has established internal committees with powers to conduct preliminary enquiries, provide advice and submit proposals on specific issues, in accordance with law provisions and the Corporate Governance Code:

- the **Control and Risk Committee** is composed of two independent Directors, holding office until the approval of the financial statements for the year ended 31 December 2022. This Committee is tasked with providing support, subject to adequate preliminary enquiry activity, in respect of the Board of Directors' assessments and decisions relating to (i) the internal control and risk management system and (ii) the approval of periodic financial reports
- the **Remuneration Committee** is composed of two independent Directors, holding office until the approval of the financial statements for the year ended 31 December 2022. This Committee is tasked with submitting proposals and periodically assessing the adequacy, overall consistency and concrete application of the policy for the remuneration of directors and key executives; submitting proposals or giving opinions to the Board of Directors on the remuneration of executive directors and directors holding special offices; monitoring and verifying the achievement of the performance goals assigned
- the **Related Party Committee** performs the tasks set out in the "Related Party Transactions" Regulations adopted by Consob with Resolution No. 17221 of 12 March 2010, as amended from time to time, with account also being taken of the guidelines and guidance provided by Consob (Notice No. DEM/10078683 of 24 September 2010) on the application of the aforesaid Regulations

The members of the committees and their chairpersons are appointed and removed by resolution of the Board of Directors. Unless appointed by the Board of Directors, the Chairperson of each committee is elected by each committee at its first meeting following its establishment. Committees consist of at least two directors, as decided from time to time by the Board of Directors at the time of their establishment, all of whom are non-executive and independent; the Chairperson of each committee is chosen from among the independent directors.

The Remuneration Committee plays a key role in supporting the Board of Directors in defining, supervising and, if necessary, revising the Remuneration Policy and designing both short- and medium/long-term equity and monetary incentive schemes.

The Remuneration Policy sets out the criteria and guidelines for the remuneration of:

- members of the Board of Directors (“Directors”)
- members of the Board of Statutory Auditors
- key executives

The Policy is developed in line with the latest regulatory requirements, the mission and principles of the SOMEK group and is a key tool for pursuing the Company’s objectives.

The main purpose of the Policy is to attract, remunerate and retain top management members of the SOMEK group, and to ensure that the interests being pursued match those of shareholders and investors. Notably, by adopting the Policy Somek sets out to:

- ensure that a remuneration policy is implemented in a fair and transparent manner, in compliance with the market benchmark
- share the increase in the value of the Company with the highest professional profiles
- engage and encourage directors and top management in achieving the objectives set by the company management
- set up a balanced remuneration system, in line with the Company’s corporate policies, consisting of a fixed and a variable part, and related to the achievement of both short- and medium/long-term results
- attract, motivate and retain people having the professional skills required to ensure the continuity and success of the SOMEK group’s business, including by granting non-monetary benefits in line with market best practices

Defining the remuneration of company and group employees requires a whole range of criteria to be considered, including:

- professional expertise
- organisational role held
- responsibilities assigned

In defining its Remuneration Policy, the Company did not retain any independent experts.

As part of the Remuneration Policy definition process, a major role is played by the Board of Statutory Auditors, which gives opinions and comments on the remuneration allocated to Directors. The Board of Statutory Auditors is also called upon to (i) establish whether the salaries and remuneration paid and the Remuneration Policy adopted by the Company are consistent, and (ii) give its opinion on the proposals submitted, with special regard to any directors holding special offices.

The Remuneration Committee, in its capacity as Nomination Committee, also plays a key role in assessing the performance of the Board of Directors. In addition, Somec voluntarily underwent an independent assessment by rating agency Sustainalytics in 2021 and 2022. This assessment also covered aspects of governance and how the Board of Directors is managed with regard to impacts on the economy, the environment and people. Based on the outcome of the above assessments, the parent company has embarked on an improvement journey that will also involve the highest governing body and will officially get underway in 2023 as part of the sustainability plan.

In the course of 2021, with a view to increasing uniformity in the management of corporate affairs, the Group created a Legal Affairs section. This move has the further objective of more centralised management of business ethics and sustainability, including in the periodic updating and management of the parent company's Organisational, Management and Control Model pursuant to Legislative Decree 231/2001 (so-called MOG 231), with the relative implementation of the MOG in the other companies, according to different time plans. This function did not change during 2022.

Confirming our strong focus on responsible governance and in compliance with current regulations, the parent company Somec S.p.A. has adopted an Organisational Model 231, which is a voluntary system via which the company's procedures are aligned with current regulations concerning administrative and criminal responsibilities for certain types of offences: those committed in the conduct of relations with Public Administration bodies, corporate crimes, market abuse, environmental and health and safety-related offences, etc. The document, compliance with which is overseen by the relevant Supervisory Body, also identifies the risks associated with the aspects covered by the Legislative Decree and the measures applied to manage them. The Code of Ethics is a key feature of the Model and establishes the principles that the company must aspire to in reaching its business objectives.

A group-wide Code of Ethics was prepared and circulated to all companies in 2022, where the fundamental ethical principles that must inspire all Group companies in the conduct of their business activities are identified and set out:

- **Lawfulness:** The Parent Company and each Group Company shall, in the conduct of their business, respect and enforce, within their own organisation, the laws in force in the states in which they operate, as well as the commonly accepted ethical principles and international standards. In pursuing these aims, all internal and external personnel are aware of the ethical value of their actions, and shall not pursue personal or corporate profit to the detriment of compliance with the laws in force and the principles of the Code of Ethics
- **Transparency, fairness, loyalty:** The parent company and each Group company shall avoid the use of unlawful, or otherwise improper, conduct to achieve its economic objectives, to be pursued exclusively through the excellence of performance in terms of the quality of the products offered, based on experience and customer focus. The parent company and each Group company shall also adopt organisational tools to prevent breaches of law provisions and of the principles of transparency, fairness and loyalty on the part of internal and external personnel, monitoring relative compliance and implementation in real-world situations
- **Professional conduct:** The parent company and each Group Company shall consider professional conduct to be a key enabler for growth and success in national and international markets. Therefore, corporate activities shall be carried out based on the criteria of professional conduct, engagement and diligence appropriate to the nature of the tasks and responsibilities entrusted to each individual
- **Conflict of interests:** Any decision relating to the activities and policies of the Somec Group is based on sound assessments, with the sole aim of pursuing the interests of the Group and not the particular personal interests or profit, whether direct or indirect, of any recipient of the Code of Ethics (including directors, employees, external collaborators, suppliers, contractors or customers)
- **Environmental protection:** The Somec Group seeks to ensure and promote the protection of the environment as a fundamental asset for society at large, through continuous improvement and research into eco-friendly operating methods. The company's top management bodies are committed to ensuring compliance with current environmental legislation ensuring full compliance with all the requirements laid down by law and regulations
- **Protection of competition:** The Somec Group shall comply with current rules on competition and refrain from implementing or encouraging conduct that may qualify as unfair competition. The parent company and each Group company shall ensure and promote the protection of democratic values and respect for the State, the Constitution and public institutions as fundamental values of the Italian legal system



- **Safety in the workplace:** Safety in the workplace is a key corporate objective. As a result, the utmost effort shall be made to monitor and improve working conditions in terms of health and safety. The Company's top management is therefore committed to (i) providing a healthy and safe workplace for its employees, customers, suppliers, collaborators and anyone present within the Company's premises and/or plants, with particular care being taken in preventing accidents, occupational diseases and minimising risks; (ii) seeking continuous improvement of occupational health and safety benefits, establishing objectives and targets that are periodically reviewed, with a special focus on the prevention of accidents and occupational diseases; (iii) promoting internal and external communication, involving, consulting with and empowering workers at all levels and anyone performing company activities by implementing awareness-raising, information and training programmes
  
- **Protection of the individual and the physical integrity of individuals:** The Parent Company and each Group Company shall ensure and promote the protection of (i) individual freedom and human dignity, as fundamental goods through which human personality is expressed.; and (ii) the health and physical integrity of individuals, as fundamental goods of the individual. Everyone, within the limits of their own responsibilities, shall undertake to combat child labour and exploitation, in particular refusing to enter into agreements with third parties who adopt such practices
  
- **Protection of privacy:** The parent company and each Group company shall undertake to ensure that any personal information acquired is appropriately protected, according to such terms as laid down by legislation, avoiding improper or unauthorised use, and to protect the dignity, image and confidentiality of each person, be they inside or outside the Group

In the first half of 2021, Somec's 231 Compliance Programme was supplemented with the inclusion of a special section covering tax offences. In 2022, the Compliance Programme was further updated with the revision of the special sections addressing market abuse, receiving stolen goods, money laundering and use of money, goods or other benefits of unlawful origin. The new Compliance Programme was therefore circulated again to all employees to ensure the widest possible knowledge of it.

As part of the effort aimed at strengthening the governance of ESG aspects, which started in 2021 with the issuance of four group-wide policies concerning sustainability, environment, occupational health and safety and anti-corruption, in 2022 Somec's Board of Directors approved and published a fifth group-wide policy concerning human rights. Like previous policies, it is available on the group website and is based on the principles enshrined in the main international human rights initiatives and conventions, including the Global Compact.

These principles, which are part of Somec's own history and culture, are exemplified in the companies' respect for human rights and in continuous improvement of performance, not only in health, safety and worker protection, but also in environmental protection, in particular through maximal reduction of impacts on nature, improvement in the use of energy resources, minimisation of waste production, and reduction of atmospheric emissions. These same international principles are further exemplified in the commitment of Group companies to operate according to best practices of transparency and fair tax competition, as well as to avoid and not tolerate any form of corruption or bribery.

Notably, the latest policy approved places a strong emphasis on the commitment of the parent company and all subsidiaries to (i) respecting human rights and preventing and mitigating negative impacts on these rights resulting from the company's operations, and (ii) valuing the diversity of all its employees, opposing any form of discrimination, whether direct or indirect, on the basis of gender, marital status, sexual orientation, religious or political beliefs, trade union membership, ethnicity, nationality, social background, physical or mental disability.

The Group is committed to fostering an appropriate working environment, endeavouring to cause work activities to be geared towards dialogue and mutual respect, protecting the well-being and promoting the work-life balance of its employees, ensuring decent wages and fair working hours. The policy sets out the Group's strong opposition to any form of labour exploitation, including child labour, forced compulsory labour and any form of mental or physical abuse or coercion against both its own workers and those employed along the supply chain, with any form of human trafficking and exploitation being roundly condemned. Health and safety in the workplace, as set out in the ad hoc policy, are fundamental rights that the Group is committed to ensuring for all. In addition to this, the Group is committed to keeping workplaces free from violence, harassment, intimidation and internal and external threats. Workers are free to decide whether to join a trade union without fear of intimidation or reprisals, the right to collective bargaining being guaranteed to all, while the Group is committed to an open and meaningful dialogue with recognised trade union representatives. Aware of how important it is to ensure adequate safeguards for all stakeholders involved in personal data processing operations, the Group respects the right to privacy of all its stakeholders.

To ensure that the policies operate effectively and to give everyone – employees and collaborators alike – the opportunity to report any violations of which they become aware in the discharge of their duties, the whistleblowing procedure, initially available to Somec S.p.A. only, has been extended to all Group companies. This procedure, which forms an integral part of the 231 Compliance Programme adopted by the parent company, is designed to regulate the process for reporting any unlawful conduct or irregularities within the company. Notably, information channels are available whereby reports are received, analysed and acted upon, together with systems to protect whistleblowers against discriminatory or at any rate penalising measures regarding the employment relationship. This procedure allows individuals to raise concerns about wrongdoing or violations of law provisions committed as part of company business operations or deals, regardless of whether the offenders themselves have suffered harm or not.

Over the course of 2021, in confirmation of the Group's commitment to extend the 231 Model of Organisation, Management and Control to its subsidiaries, the Oxin company began and completed the process of implementing the model. In 2022, the Compliance Programme was also implemented for the Total Solution Interiors (TSI), again with the aim of gradually implementing it in the other group companies over the next few years.

In conjunction with the implementation of the 231 Compliance Model at Oxin and with the updating of the parent company's Compliance Programme, in 2022 appropriate training was delivered to staff members by the Legal and Corporate Affairs Function. More specifically, the training involved the directors and top management of Somec and Oxin.

Finally, in the period under review, all Italian subsidiaries were awarded a legality rating<sup>(3)</sup>.

As a proof of the Group's focus on this issue, and thus irrespective of any formal procedures implemented by the individual companies, no confirmed cases of corruption were recorded in 2022 – as further emerged on the occasion of the due diligence process carried out during acquisition transactions.

(3) The legality rating is a synthetic indicator companies can apply for in order to measure their degree of compliance with high standards of legality and, more generally, thorough attention paid to the lawful business conduct. It is governed under the Implementing Regulation on legality rating adopted by Resolution No. 28361 of 28 July 2020. All companies that are awarded such rating can benefit from a number of advantages. The first is at the reputational level. The second relates to the benefits available when applying for loans with public authorities and banks. The legality rating is issued directly by the Competition and Market Authority at the request of companies.

## GOALS SET FOR 2023

- training of TSI staff on the 231 Compliance Programme by 2023
- continuously extending the 231 Compliance Programme to all subsidiaries, beginning with those engaging in the food industry as early as 2023
- drafting a policy for dialogue with stakeholders
- outlining a business plan linked to ESG issues, with specific short, medium and long-term sustainability targets
- establishing and activation of the ESG Committee

Among Somec's improvement objectives set for 2023, special emphasis is to be placed on the process for enhancing the governance of ESG aspects by developing of specific tools for analysing, planning and managing sustainability issues.

Among the most significant of such tools is a sustainability plan that the parent company intends to prepare in order to define a number of key drivers and related targets, with account also being taken of the priorities set out in the UN's 2030 Agenda for Sustainable Development Goals (SDGs), thereby contributing to their achievement.

In addition to the sustainability plan, Somec S.p.A. plans – as part of its goals for 2023 – to establish an executive Sustainability Committee consisting of top management and some profiles with expertise in environmental, health and safety issues, the underlying aim being to support the CEO in fulfilling his ESG responsibilities. Given its strategic role, this Committee will be made up of key corporate figures that can ensure consistency between business development and the achievement of the Group's sustainable objectives.

The above-mentioned projects represent concrete measures designed to improve the overall knowledge, skills and experience of Somec S.p.A.'s Board of Directors with regard to sustainable development.

## FISCAL TRANSPARENCY

Somec conducts its business according to the values and principles as defined within its Code of Ethics. These principles, the cornerstone of the company, also form the basis of its fiscal management procedures and act as point of reference to guarantee responsible taxation management. Somec Group also believes that taxes represent an important means of contributing to the social and economic development of the countries in which it operates. Somec therefore ensures it acts in compliance with the tax laws in all jurisdictions in which it conducts its business.

Tax-related issues are dealt with by our Tax Division. However, Somec does not currently have a Groupwide tax strategy in place and individual subsidiaries operate according to local tax regulations.

Tax management of the majority of the Group's subsidiaries is coordinated centrally with the support of a single professional firm, which ensures consistent tax management across all entities concerned based on the following criteria:

- appropriate and timely assessment and settlement of statutory taxes and fulfilment of related obligations
- management of tax risk, i.e., the risk of committing tax law violations or abuse of the principles and purposes of the tax system
- transfer pricing policy in line with the OECD Transfer Pricing Guidelines for Multinational Enterprises
- transparency and fairness in relations with the tax authorities in the event of audits concerning both Group companies and third parties

Somec S.p.A relies on the advice of leading consulting firms to carry out and plan all activities related to international taxation.

The Compliance Programme was therefore extended to Oxin in 2021 and to TSI in 2022, with a commitment to extend the management of aspects related thereto to subsidiaries engaging in the food sector in the coming years. In addition, Somec S.p.A. and its Italian subsidiaries Oxin srl and TSI srl have also included tax offences in their own 231 Compliance Programme, with an ad hoc procedure having been drawn up for this purpose. The Group does not make any investments in or through countries considered to have preferential tax regimes for the sole purpose of reducing the tax burden.

The whistleblowing procedure allows for anonymous reports of any non-compliant or unethical/unlawful conduct, which is dealt with directly by the SB. Violations that may be reported through internal company channels include those considered as fiscally relevant to stakeholders. In 2022, no reports were received on tax matters.

Furthermore, the Group has not received any reports from its stakeholders regarding taxation issues. Relations with the tax authorities are conducted on the basis of the principles of fairness, transparency and in compliance with the legislation applicable in the various countries in which Somec conducts its business.

The table below presents the accounts for our group, country by country<sup>(4)</sup>.

(4) The country-by-country reporting does not consider Squadra's contribution, but includes Pizza Group USA LLC, TSI Inc, Bluesteel Group UK Ltd, Lamp Arredo Srl and Mestieri Srl.

	iv. Revenues from sales to third parties	v. Revenues from group operations with other tax jurisdictions	Revenues from group operations with the same tax jurisdiction	Total revenues	Separate financial statement (IFRS standards)	vi. Pre-tax gain/loss	viii. Tax paid on company income (cash basis)	ix. Tax on company profit matured on gains/losses	iii. Employees	vii. Material activities other than cash and equivalents
<b>Canada</b>	- 1,050	-	1,734,663	1,733,613	1,828,480	- 145,212	-	-	19	880,028
<b>China</b>	805,953	433,902	-	1,239,855	1,239,855	- 346,061	-	547	5	81,172
<b>Finland</b>	11,072,858	-	688,863	11,761,721	-	- 1,447,914	11,704	7,420	12	5,068,259
<b>France</b>	17,219,965	-	-	17,219,965	-	379,652	- 157,221	106,302	6	3,491,763
<b>Germany</b>	9,299,312	-	-	9,299,312	-	896,184	44,187	187,276	3	4,402,860
<b>Italy</b>	189,379,687	4,321,565	4,668,915	198,370,167	240,189,723	- 2,076,983	1,318,283	2,662,491	738	276,507,943
<b>Norway</b>	3,025,090	-	-	3,025,090	-	357,824	33,211	72,058	-	550,129
<b>UK</b>	366,669	-	-	336,669	336,669	26,909	-	14,287	1	480,834
<b>Romania</b>	581,333	-	-	581,333	-	- 11,454	62,235	-	-	95,108
<b>Slovakia</b>	-	7,684	-	7,684	-	- 21,521	-	-	8	-
<b>Switzerland</b>	4,404	-	-	4,404	4,404	5,697	-	149	-	139,866
<b>USA</b>	93,891,667	-	935,852	94,827,519	94,827,518	12,423,702	1,689,405	1,571,156	133	72,774,828
<b>Overall total</b>	<b>325,615,889</b>	<b>4,763,151</b>	<b>8,028,293</b>	<b>338,407,333</b>	<b>338,426,650</b>	<b>10,040,822</b>	<b>3,001,803</b>	<b>4,621,687</b>	<b>925</b>	<b>364,472,789</b>

Unit of measure (currency): Euro

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## PRODUCTS AND SERVICES

All the Group's main businesses are project-based. Somec designs and produces unique solutions that are suitable for the conditions of use and meet the safety and quality standards of marine and civil engineering. After completing the design stage, which is typically carried out alongside the client and the various stakeholders in the project (construction sites, architects, etc.), the entire production and procurement stage is carried out in-house, ensuring that the result matches the customer's expectations in terms of aesthetics and quality. The synergies created between the expertise of the Group's subsidiaries, combined with the specialist skills acquired through collaboration with major names in the business of civil and marine engineering, and with major shipowners and property developers all over the world, ensure that Somec is seen as the go-to company in its business sectors.

As mentioned earlier, since 2021 the Group has been operating through three business units: Engineered Systems for Naval Architecture and Building Façades, Systems and Products for Professional Kitchens and Mestieri: Design and Production of Bespoke Interiors.

### ENGINEERED SYSTEMS FOR NAVAL ARCHITECTURE AND BUILDING FAÇADES

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The SOMEK Group is one of the largest players in Europe and North America regarding the design, careful selection of materials, production, installation and maintenance of innovative solutions and original construction systems in the naval and civil fields, ensuring the highest certified standards of quality and durability.

The headcount of the companies belonging to this BU totalled 545 employees at 31 December 2022. For more than 25 years, the naval BU has been contributing to the new building and conversion, modernisation, replacement and refitting of more than 320 cruise ships in the world's leading shipyards.

**Marine Glazing** is one of the most complex segments given that the products are required to withstand hostile and highly stressful environments during their life cycle: physical and logistical problems related to installation at shipyards, high safety and functionality requirements due to exposure to seawater and adverse weather conditions, function and aesthetic quality requirements requested by customers. In particular, the Group designs, manufactures and installs balconies, and sliding, hinged and automatic doors for balconies, balustrades and partitions, as well as windows for the bridge, glass walls for public spaces, screens, special windows for solariums, skywalks and skylights, and fireproof doors and windows. The design stage is the fulcrum of this segment, conducted based on the requirements of shipowners and executed at shipyards: therefore, most of the products are highly custom-made and take into account the specific needs of each customer. These projects are commissioned directly to parent company Somec Navale, which conducts most of its business at its San Vendemiano site, outsourcing the installation to its subsidiary Sotrade, as well as to other companies specialising in this sector. Refitting projects in the US and Europe are entrusted to specialised subsidiaries Navaltech, based in Florida, and Somec Sintesi, based in Italy, respectively.

The **building façade** sector, which was launched in 1978 at the same time as the foundation of Somec itself, has a portfolio of services covering on-land solutions.

The Building façades division, a historical business sector for the Group, makes façades and external fittings for new and old residential and commercial buildings. The target real estate market is the United States, especially in the cities of New York, Boston and Washington DC, where glazed and unglazed skyscrapers (ceramics, metals, etc.) are chiefly built. The design of glass elements, and their assembly and installation, is performed by the US subsidiary Fabbrica LLC, its Canadian subsidiary Atelier de Façades Montréal and the Italian Fabbrica Works, as well as a network of mainly European suppliers. In February 2019, the Group acquired a minority stake in the Italian company Squadra, a firm that makes glass modules and mainly deals with products and semi-finished products for Fabbrica and Somec Navale. It therefore identifies and applies cross sector synergies between the Building façades and Marine glazing segments. Since 2022, following the acquisition of Bluesteel, a company specialising in the construction and installation of curtain walls, doors and windows, movable walls and products for the interior and exterior cladding of buildings, the Group has been endeavouring to replicate in Europe the winning strategy already established in the USA.

*The City of New York is embarking on a virtuous re-design effort to support Local Law 97, which requires reducing CO2 emissions by improving the way new projects are rolled out and modifying existing ones. One of the solutions adopted by New York operators entails upgrading the façades of buildings, replacing existing ones with higher-performance systems, including glazed façades. SOMEC has the capacity to support this urban revolution, allowing it to play a leading role in the re-design of New York and all cities that will follow this example.*

*Fabbrica is a market leader in the premium segment for the design of high-value complex architecture projects. It is selected for high-end iconic projects that require unique engineering and manufacturing skills to reflect the vision and creativity of the world's most renowned architects.*

*North America and Europe together accounted for more than 45.0% of the total façade market turnover in 2020, due to increasing reliance on state-of-the-art materials. As a result, the product is expected to gain a strong foothold in the commercial and residential sectors, thereby boosting market growth.*

*Bluesteel's presence in the UK is a key enabler, as is its presence in the Swiss market and its desire to increase its footprint in other European markets.*







## PROFESSIONAL KITCHEN SYSTEMS AND PRODUCTS

The SOMEK Group designs integrated and customisable systems for professional kitchens, in both naval and civil fields, that harmoniously combine aesthetics and performance at a high level.

Turnkey projects designed for the catering and hospitality sectors, characterised by certified standards of high efficiency and durability, for a classy clientèle.

With regard to the **naval catering** sector in the new building and refitting market, decades of experience in stainless steel processing have allowed the Group to expand its activities. The services offered cover the entire product lifecycle, from design, production, assembly to installation of catering areas, including kitchens and bars, cruise ship refrigerators.

Product customisation in full compliance with customer requirements and in accordance with current product safety legislation make this segment the Group's offering pièce de résistance.

Products are developed and manufactured entirely at Oxin's Treviso site, which, in specific cases, works in conjunction with other group companies to integrate its products into high-value design and quality projects, where different materials are used (wood, marble, etc.).

As far as the civil sector is concerned, the Group is becoming increasingly successful thanks to the experience gained by its subsidiaries Gico, Inoxtrend, Primax and Pizza Group.

The commercial offering is wide and thorough, suitable for a whole range of **professional catering** applications such as restaurants, bars, hotels, pizzerias, pastry shops, school canteens, hospital canteens, supermarkets, etc. Production is handled entirely by the Group and covers ovens, blast chillers, equipment and appliances for pizzerias, and stovetops for professional kitchens. All systems and products dedicated to the Group's professional kitchens feature high efficiency and durability standards and, thanks to a proprietary software application, enable the different players along the supply chain to take predictive and efficiency-enhancing plant-related actions.

Since March 2022, the Group has increased its presence in the United States by establishing Pizza Group USA LLC in Texas, an American subsidiary of the Italian company bearing the same name.



## MESTIERI: DESIGN AND PRODUCTION OF BESPOKE INTERIORS

The SOMEK Group delivers interiors customisation projects. Smooth environments, featuring elegance and refined details, to unfold the beauty of such details, reflecting and meeting the customer's needs. A set of strong capabilities dedicated to the most complex and sophisticated projects for naval cruise, hospitality and catering, high-end residential property and high-end retail.

Notably, the Group's services include the design, tailor-made production, conversion, renovation, replacement and repair of **public areas** (such as casinos, shops, theatres, restaurants, discos, bars, children's areas, spas, swimming pools, solariums, lounges) on board cruise ships, either newly built or refitted. TSI (based in Cantù - Como, Aprilia - Latina, Marghera - Venice and Miami - Florida, USA) and Hysea (based in San Vendemiano - Treviso) work directly with ship owners, architects and interior designers covering the entire process, from initial design to installation. Production, on the other hand, is entrusted to a network of specialised suppliers and craftsmen. This approach, which reflects the strategy adopted by the Group for the other business segments as well, is due to the high level of diversification of projects for the outfitting of public areas on cruise ships. Indeed, a single order involves a whole range of production complexities (e.g., wooden, ceramic stone and carpet flooring; wooden, metal or plastic ceilings; partition walls; glazing; standard or custom-made furniture; electric material; plumbing equipment; air conditioning; audio and video systems, etc.).

With the acquisition of Skillmax, the Group entered the business of **Bespoke interiors** in the civil sector in 2020. The main customers in this segment include brands of excellence, for which the Group designs and installs customised furnishing solutions for businesses engaging in the hospitality, retail, office, private residences, catering and yachting sectors, where paying attention to the last detail makes the difference. The pursuit of the highest quality and the development of unique and state-of-the-art solutions is indeed a plus in this field, where Somec can enjoy a wide competitive edge resulting, among other things, from the experience it has gained in fitting out interior spaces on luxury cruise ships. To this end, due to the intrinsic complexity and diversification of the products offered, Skillmax relies on a network of selected local suppliers and craftsmen, managing the remaining design, assembly and manufacturing phases at its headquarters in San Biagio di Callalta (Treviso). Since 2021, it has also relied on the contribution of its subsidiary Skillbuild, specialising in renovation and building redevelopment projects with a view to saving energy.

As mentioned earlier, Budri, Lamp Arredo and Gino Ceolin S.r.l.<sup>(5)</sup> will also be part of this group.

Since the beginning of 2022, all of the Group's companies engaging in the design and creation of interiors, both in the naval and civil fields, have merged into Mestieri with the aim of delivering highly customised solutions for the interiors of diverse high-end environments, using noble materials treated with craftsmanship combined with state-of-the-art techniques. Since April 2022, Mestieri has also opened a branch office in the USA, increasing the presence of this business segment overseas, where Italian craftsmanship and know-how are most appreciated.

(5) On 20 December 2022, following a non-binding letter of intent disclosed to the market on 31 May 2022, Somec S.p.A. announced that it had entered into a preliminary binding agreement to acquire 60% of the share capital of Gino Ceolin S.r.l. This transaction was finalised by Mestieri S.r.l. on 25 January 2023.

*Italian craftsmanship encompasses knowledge that today is applied to a process of innovation involving cutting-edge technologies, eventually turning into tradition.*

*Mestieri combines a network of excellences, creators of truly unique and customised projects and products.*

*Mestieri designs and delivers exclusive environments for residential and retail, starred hotels and catering, yachting and cruising settings. It promotes and coordinates the work of the production companies involved, empowering and promoting skills and creativity.*

*By delivering top-quality projects, Mestieri extols knowledge, which is the foundation of Italian excellence. Being part of the group enables prestigious craft businesses to find new strength and solidity, ensuring the retention of skills and expertise at risk of being lost.*

*Mestieri embodies some of the best skills in Italy. These have their roots in Italian history and culture, and are the result of a continuous evolution between generations. An evolution process that involves creativity, commitment, tools and techniques. A wealth of knowledge that feeds into a know-how-to-create culture.*

*Mestieri is guided by an exploring spirit, devoted to research. The design and creation processes reflect this propensity for innovation, and make extensive use of digital tools. Design software and new machining technologies bring craftsmanship to the next level, enabling an engineering approach to be adopted. The dialogue between knowledge and technology gives rise to creations that define a new way of conceiving beauty.*











# THE EUROPEAN UNION TAXONOMY

In line with the strategic objectives of the European Green Deal, the European Union has introduced a specific taxonomy through Regulation (EU) 2020/852 (hereinafter the "Regulation"). This taxonomy establishes a classification system for economic activities considered "environmentally sustainable", using a common language that provides a nomenclature for different economic activities and their relative contributions to climate change. The economic activities considered "eco-sustainable" are mapped in a classification system described in detail in Article 3 of the Regulation. Under the Regulation, an economic activity is considered eco-sustainable ("aligned"), if:

- **it contributes in a concrete way to at least one of the six objectives defined in Article 9 of the Regulation:**
  - i. mitigation of climate change
  - ii. adaptation to climate change
  - iii. sustainable use and protection of water
  - iv. transition to a circular economy
  - v. pollution prevention and reduction
  - vi. protection of biodiversity and ecosystems
- **it does not have a significant negative impact (Do No Significant Harm - DNSH)** on any of the six objectives stated in **Article 9**
- **it is undertaken in compliance with the minimum guarantees for the protection of human and workers' rights**, provided for in Article 18 of the Regulation, and recognising the importance of international rights and standards (including OECD, UN, the International Labour Organisation and the International Charter of Human Rights)
- **conforms to the Technical Screening Criteria (TSC) set by the Commission**, which define the performance conditions for it to contribute substantially to one of the six environmental objectives and comply with the DNSH principle; these conditions are issued by the European Commission, for each objective, through a technical annex. To date, the Commission has only issued Annexes I and II referring to the "Climate Change Mitigation" and "Climate Change Adaptation" environmental objectives

According to the provisions of Article 8 of the Taxonomy, companies listed on regulated markets in the European Union that are required to prepare the Non-Financial Statement (NFS) must meet the transparency requirements concerning environmentally sustainable activities. To this end, they are required to disclose three key performance indicators (KPIs) in terms of turnover, operating costs (**OpEx**) and investments (**CapEx**) related to environmentally sustainable economic activities out of the total of these three items at Group level.



The procedure for providing such disclosure as required under Article 8 of the Taxonomy are set out in Delegated Regulation (EU) 2021/2178. Compared to financial year 2021, where turnover, OpEx and CapEx were only to be disclosed with regard to the share of eligible assets and ineligible assets of the Taxonomy, effective from the period under review (2022) eligible assets are required to be screened according to the relevant Technical Screening Criteria (TSC) in order to define in what percentage and share they are aligned (i.e., taxonomy aligned) with the performance requirements set out in the Delegated Acts.

At the methodological level, in the light of regulatory developments, the Somec Group has carried out an analysis of the activities of its subsidiaries, aimed at identifying which of these may contribute to the objectives of mitigation and/or adaptation to climate change according to European legislation; Subsequently, on the basis of the analysis of technical criteria (“**TSC**”) pertaining to each eligible activity, taxonomy aligned activities were identified, i.e. **those activities that can significantly contribute to the achievement of the first two objectives** related to climate change (mitigation and adaptation), **without causing significant harm to any of the environmental objectives pursued by the European Union, or on the basis of the verification**, for each activity, of compliance with the Do Not Significant Harm (“**DNSH**”) principle, and the Minimum Social Safeguards (“**MSS**”).

Activities related to the remaining four objectives will be assessed in NFS 2023 following the planned publication of the respective Delegated Acts.

As per guidance provided in Annex I to Delegated Act 2178/2021, the results of operations and financial data of eligible and aligned activities for the calculation of the different KPIs were retrieved by the parent company from the general accounting and analytical accounting systems used for the preparation of the IAS/IFRS consolidated financial statements and the operating budget reconciled with the statutory financial statements.

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As set out in the Annexes to the Delegated Act of the European Regulation 2020/852, the methods for defining and calculating the KPIs of “Turnover”, “Capital Expenditures (CapEx)” and “Operating Expenditures (OpEx)” are described below, based on the activities classified as eligible and aligned for the purposes of the Regulation.

Specifically:

- for the calculation of the “**Turnover**” KPI, the numerator consisted of the sum of revenues from the sale of products and the provision of services in accordance with IAS 1(82)(a) associated with taxonomy aligned economic activities, divided by net revenues (denominator) pursuant to Article 2(5) of Directive 2013/34/EU
- the KPI relating to “**Capital Expenditures (CapEx)**” takes into account, on the denominator side, the sum of all tangible and intangible additions reflected in the statement of assets and liabilities (including rights of use under IFRS 16) that occurred during financial year 2022, taken before depreciation, amortisation and any write-ups. Conversely, the numerator includes the portion of capital expenditures that meet one of the following conditions:

(6) With the term “eligible”, the Regulation refers to an economic activity “described in the Delegated Acts [...] regardless of whether this economic activity meets one or all of the technical screening criteria set out in those delegated acts”.

- a) they are related to assets or processes associated with taxonomy aligned economic activities
  - b) they form part of a plan to expand taxonomy aligned economic activities or to enable eligible economic activities to be aligned with the taxonomy
  - c) they relate to the purchase of products deriving from taxonomy aligned economic activities and to individual measures that enable the target activities to achieve low carbon emissions or greenhouse gas savings, with special reference to the activities listed under 7.3 to 7.6 of the Delegated Act on climate, as well as other economic activities listed in the Delegated Acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) and 15(2) of Regulation (EU) 2020/852, provided that these measures are implemented and made operational within 18 months
- the KPI relating to **“Operational Expenses (OpEx)”** takes into account – on the denominator side – the sum of operational expenses associated with research and development, building refurbishment and/or renovation measures, short-term rental, day-to-day maintenance of property, plant and equipment, either by the company or by third parties, necessary to ensure the continuous and effective pursuit of these objectives. Conversely, the numerator includes operational expenses that meet one of the following conditions:
- a) they are related to assets or processes associated with taxonomy aligned economic activities, including training and other human resource adaptation needs, as well as direct non-capitalised research and development costs
  - b) they relate to the purchase of products deriving from taxonomy aligned economic activities and to individual measures that enable the target activities to achieve low carbon emissions or greenhouse gas savings, as well as to individual building renovation measures identified in Delegated Acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2) and Article 15(2) of Regulation (EU) 2020/852, provided that these measures are implemented and made operational within 18 months

## TURNOVER

Below is the disclosure for financial year 2022 of the portion of turnover derived from products or services associated with taxonomy aligned economic activities:

ECONOMIC ACTIVITIES (1)	Code (2)	Total sales (3) Currency	Portion of turnover (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Criteria
<b>A. ACTIVITIES ELIGIBLE FOR TAXONOMY (A.1 + A.2)</b>			<b>53%</b>	<b>5%</b>		
<b>A.1 ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (taxonomy aligned)</b>						
Production of energy efficiency devices for buildings	3.5	8,930	3%			
Power generation using photovoltaic solar technology	4.1	7	0%			
Installation, maintenance and repair of energy efficiency devices	7.3	8,723	3%			
<b>TOTAL TURNOVER OF ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (taxonomy aligned)</b>		<b>17,660</b>	<b>5%</b>			
<b>A.2 ELIGIBLE BUT NOT TAXONOMY ALIGNED ACTIVITIES</b>						
Production of energy efficiency devices for buildings	3.5	87,231	27%			
Installation, maintenance and repair of energy efficiency devices	7.3	57,547	17%			
Upgrading of maritime and coastal freight and passenger transport	6.12	13,044	4%			
<b>TOTAL TURNOVER OF ELIGIBLE BUT NOT TAXONOMY ALIGNED ACTIVITIES</b>		<b>157,822</b>	<b>48%</b>			
<b>B. INELIGIBLE ACTIVITIES</b>						
<b>TOTAL TURNOVER OF INELIGIBLE ACTIVITIES</b>		<b>153,362</b>	<b>47%</b>			
<b>TOTAL A + B</b>		<b>328,844</b>	<b>100%</b>			

Criteria for material contribution				Criteria for "Not causing significant harm"									
Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (Y/N) (11)	Adaptation to climate change (Y/N) (12)	Water and marine resources (Y/N) (13)	Circular economy (Y/N) (14)	Pollution (Y/N) (15)	Biodiversity and ecosystems (Y/N) (16)	Portion of turnover aligned with taxonomy for year N (18) %	Portion of turnover aligned with taxonomy for year N-1 (18) %	Category (enabling activity) (20) A	Category (transitional activities) (21) T
										5%			
				Y	Y	Y	Y	Y	Y	3%	nd	A	
				Y	Y	Y	Y	Y	Y	0%	nd	A	
				Y	Y	Y	Y	Y	Y	3%	nd	A	
											nd		
										48%	nd		



## TURNOVER NUMERATOR

**Section A.1** covers all taxonomy aligned economic activities with respect to eligible activities identified. In detail, following internal training activities and on the basis of guidance provided by the Managers of the individual companies through the completion of specific questionnaires prepared in accordance with the EU guidelines, aligned activities were identified, taking into account the criteria laid down in the regulations. Specifically:

- a) compliance with Technical Screening Criteria (TSC)
- b) compliance with the Do Not Significant Harm (DNSH) principle relating to the environmental objectives of Climate Adaptation (Appendix A), Sustainable Use and Conservation of Water (Appendix B), Transition to a Circular Economy, Pollution Prevention and Control (Appendix C), and Safeguarding Biodiversity and Ecosystems (Appendix D)
- c) compliance with Minimum Social Safeguards (MSS)

Below is a list, for each company, of **the activities aligned with the climate mitigation objective** identified, in respect of which the share of turnover was reported:

### Activity 3.5 - Manufacture of energy efficiency equipment for buildings:

- Primax generated partially aligned turnover from the sale of refrigerated tables and cabinets in energy class A using natural and environmentally friendly R290 refrigerant gas and equipped with a Nube cloud control system that optimises energy consumption peaks. No significant harm (identified and/or reported) was caused by the activity to the remaining climate objectives and no exceptions emerged regarding compliance with the MSS
- Fabbrica generated partially aligned turnover from the sale of windows and glazed enclosures with a thermal transmission coefficient of 1.0W/m<sup>2</sup>K or less. No significant harm (identified and/or reported) was caused by the activity to the remaining climate objectives and no exceptions emerged regarding compliance with the MSS

### Activity 4.1 - Electricity generation using solar photovoltaic technology:

- Inxotrend proved to be partially aligned due to the presence of a plant for the production of electricity through photovoltaic solar technology, which sold 10,697 kWh in 2022. No significant harm (identified and/or reported) was caused by the activity to the remaining **five objectives** defined under Article 9 of the Regulation, and no exceptions emerged regarding compliance with MSS
- Budri proved to be partially aligned due to the presence of an electricity production plant using photovoltaic solar technology. No significant harm (identified and/or reported) was caused by this activity to the remaining **five objectives** defined under Article 9 of the Regulation, and no exceptions emerged regarding compliance with the MSS

### Activity 7.3 – Installation, maintenance and repair of energy efficiency devices:

- Fabbrica generated partially aligned turnover from the sale of windows and glazed enclosures with a thermal transmission coefficient of 1.0W/m<sup>2</sup>K or less. No significant harm (identified and/or reported) was caused to the remaining **five objectives** defined under Article 9 of the Regulation, and no exceptions emerged regarding compliance with the MSS

**Section A.2** refers to all economic activities that are eligible but not aligned with the taxonomy according to the parameters defined by the Technical Screening Criteria (“TSC”) and the Do Not Significant Harm (DNSH) and Minimum Social Safeguards (MSS) requirements. In detail, the following activities were identified:

### Activity 3.5 - Manufacture of energy efficiency equipment for buildings:

- Inoxtrend generated eligible turnover both from the sale of professional ovens, with its Gourmet, Professional Bakery, Professional Gastro, Professional Compact 51, Nice & Go and Snack ranges, and from the sale of energy produced by its own photovoltaic panels
- Gico generated eligible turnover from the sale of professional kitchens for high-level services, including the Monoblocco, Fusion, H+ and Style Modulare ranges
- Pizza Group generated eligible turnover from the sale of professional household appliances for bakery and pizza services, including ovens, spiral mixers, moulders and expanders
- Fabbrica generated eligible turnover from the production of windows and glazed enclosures with a thermal transmission coefficient of more than 1.0W/m<sup>2</sup>K
- Fabbrica Works eligible turnover from the production of windows and glazed enclosures with a thermal transmission coefficient of more than 1.0W/m<sup>2</sup>K
- Bluesteel generated eligible turnover related to the production of windows and glazed enclosures with a thermal transmission coefficient of more than 1.0W/m<sup>2</sup>K
- Somec Navale generated eligible turnover from the production of glazed walls “enclosing the perimeter” of cruise ships. Given that the ships commissioned sail mainly in hot, tropical climates, with minimum temperatures not comparable to the winter temperatures of continental European climates, the performance requirements included in contract specifications are on average much stricter than the thermal transmission coefficient of more than 1.0W/m<sup>2</sup>K set out in the Technical Screening Criteria (“TSC”)

**Activity 6.12 - Upgrading of maritime and coastal freight and passenger transport:**

- Somec Sintesi generated eligible turnover related to the refitting of cruise ships, which, however, does not contribute significantly to the 10% reduction target for ship fuel consumption set out in the Technical Screening Criteria (“TSC”)
- Navaltech generated eligible turnover related to the refitting of cruise ships, which, however, does not contribute significantly to the 10% reduction target for ship fuel consumption set out in the Technical Screening Criteria (“TSC”).

**Activity 7.3 - Installation, maintenance and repair of energy efficiency equipment:**

- Fabbrica generated eligible turnover from the installation of windows and glazed enclosures with a thermal transmission coefficient of more than 1.0W/m<sup>2</sup>K, therefore not in line with the minimum requirement for the recognition of a significant contribution to the climate change mitigation target
- Somec Navale generated eligible turnover from the installation of glazed walls “enclosing the perimeter” of cruise ships. Given that the ships commissioned sail mainly in hot, tropical climates, with minimum temperatures not comparable to the winter temperatures of continental European climates, the performance requirements included in contract specifications are on average much stricter than the thermal transmission coefficient of more than 1.0W/m<sup>2</sup>K set out in the Technical Screening Criteria (“TSC”)
- Somec Shanghai generated eligible turnover related to the installation of energy-efficient devices on cruise ships without contributing significantly to the climate change mitigation objective under the Technical Screening Criteria (“TSC”)
- Sotrade generated eligible turnover related to the installation of energy-efficient devices on cruise ships without contributing significantly to the climate change mitigation objective under the Technical Screening Criteria (“TSC”)

**Section B** includes the turnover of the remaining economic activities deemed as non-eligible for EU taxonomy purposes.



## TURNOVER DENOMINATOR

The denominator was derived from the accounting details of the Somec Group's consolidated financial statements for financial year 2022, since the turnover items that can be included in the KPI relate to the individual revenue items, or their sub-items, of the consolidated financial statements themselves. The latter specifically refer to the sale of goods and services, net of discounts, VAT or any other direct taxes, qualifying as revenues from the Group's core business. In particular, the following two items and sub-items were reflected in the consolidated financial statements:

- "Revenues from contracts with customers", including all core business-related revenue items associated with the Group, such as "Italy Naval Sales", "EU Naval Sales", "Non-EU Naval Sales", "Italy Building Sales", "EU Building Sales", "Non-EU Building Sales" and "Product Sales"
  
- "Other residual revenues and income" as a sub-item of the macro-item "other residual revenues"

## PORTION OF CAPITAL EXPENDITURE - CAPEX

Below is the disclosure for financial year 2022 of the portion of capital expenditures from products or services associated with taxonomy aligned economic activities:

ECONOMIC ACTIVITIES (1)	Code (2)	Total sales (3) Currency	Portion of turnover (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Criteria
<b>A. ACTIVITIES ELIGIBLE FOR TAXONOMY</b>			9%	0,4%		
<b>A.1 CAPITAL EXPENDITURE OF ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (taxonomy aligned)</b>						
Production of energy efficiency devices for buildings	3.5		0.0%	0%		
Power generation using photovoltaic solar technology	4.1	11	0.0%	0%	0%	
Transport by motorbikes, cars and commercial vehicles	6.5	121	0.4%	0%		
<b>A.2 CAPITAL EXPENDITURE OF ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (taxonomy aligned)</b>		131	0.4%	0%	0%	
<b>A.2 CAPITAL EXPENDITURE OF ELIGIBLE BUT NOT TAXONOMY ALIGNED ACTIVITIES</b>		2,826	9%			
<b>TOTAL A.1 + A.2</b>		2,957	9%			
<b>B. INELIGIBLE ACTIVITIES</b>						
<b>INELIGIBLE CAPITAL EXPENDITURE</b>		30,074	91%			
<b>TOTAL A + B</b>		33,031	100%			

Criteria for material contribution			Criteria for “Not causing significant harm”										
Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (Y/N) (11)	Adaptation to climate change (Y/N) (12)	Water and marine resources (Y/N) (13)	Circular economy (Y/N) (14)	Pollution (Y/N) (15)	Biodiversity and ecosystems (Y/N) (16)	Portion of capital expenditure aligned with taxonomy for year 2022 (18) %	Portion of capital expenditure aligned with taxonomy for year 2021 (18) %	Category (enabling activity) (20) A	Category (transitional activities) (21) T
										0,4%	ND		
				Y	Y	Y	Y	Y	Y	0%	ND	A	
				Y	Y	Y	Y	Y	Y	0%	ND	A	
											ND	A	



## CAPEX NUMERATOR

To obtain the share of increases in tangible and intangible assets attributable to aligned activities, a study was conducted involving the companies within the scope of consolidation that made investments during 2022.

Specifically, on the basis of the consolidated financial statements, the following investments are considered:

- capitalised development costs
- software licenses applied to products
- plant and machinery
- extraordinary maintenance on third party assets
- fleet of company cars
- leased assets capitalised in accordance with IFRS 16

As indicated by the Regulation, the values were identified without accounting for effects of depreciation, write-downs or fair-value changes.

Aligned activities were identified following an analysis process based on guidance provided by the Managers of the individual companies through the completion of specific questionnaires prepared in accordance with the EU guidelines, taking into account the criteria set forth in the regulations. Specifically:

- a) compliance with Technical Screening Criteria (TSC)
- b) compliance with the Do Not Significant Harm (DNSH) principle relating to the environmental objectives of Climate Adaptation (Appendix A), Sustainable Use and Conservation of Water (Appendix B), Transition to a Circular Economy, Pollution Prevention and Control (Appendix C), and Safeguarding Biodiversity and Ecosystems (Appendix D)
- c) compliance with Minimum Social Safeguards (MSS)

Below is a list, for each company, of the activities classified as “aligned” with the **climate mitigation objective (Section A.1)**, in respect of which CapEx was reported:

### Activity 4.1 - Electricity generation using solar photovoltaic technology:

- investment in Budri’s photovoltaic plant.  
*No significant harm (identified and/or reported) was caused by this activity to the remaining five objectives defined under Article 9 of the Regulation, and no exceptions emerged regarding compliance with the MSS.*

### Activity 6.5- Transport by motorbikes, passenger cars and light commercial vehicles:

→ purchase, financing, leasing and operation of M1 and N1 category vehicles, both of which fall under the scope of Regulation (EC) 715/2007 with the following target values:

- 95 gCO<sub>2</sub>/km for M1 category vehicles
- 147 gCO<sub>2</sub>/km for N1 category vehicles

*No significant harm (identified and/or reported) was caused by this activity to the remaining five objectives defined under Article 9 of the Regulation, and no exceptions emerged regarding compliance with the MSS*

**Section A.2** refers to all investments related to eligible economic activities that are not aligned with the taxonomy included in the “turnover” section.

### CAPEX DENOMINATOR

As to the denominator side, the sum of eligible and non-eligible items was considered. The activity conducted resulted in increases in value that occurred during financial year 2022 being stated by tangible, intangible and right of use of assets (according to IFRS 16). These values were selected without considering the effects of depreciation, write-downs and fair value changes, as required by the Regulation.

In view of this, the reports produced internally at the consolidated level concerning the situation of the Group’s assets at 31 December 2022 were analysed. Notably, special attention was paid to investments for the period, which showed the new acquisitions and increases in assets during the year.

## PORTION OF OPERATING EXPENSES - OPEX

Below is the disclosure of the portion of operating expenses from products or services associated with taxonomy aligned economic activities:

ECONOMIC ACTIVITIES (1)	Code (2)	Total operating expenses (3) Currency	Portion of Operating Expenses (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Criteria
<b>A. ACTIVITIES ELIGIBLE FOR TAXONOMY (A.1 + A.2)</b>			<b>26%</b>	<b>2%</b>		
<b>A.1 ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (taxonomy aligned)</b>						
Production of energy efficiency devices for buildings	3.5	49	1%			
Power generation using photovoltaic solar technology	4.1		0%			
Renovation of existing buildings	7.2	2	0%			
<b>TOTAL OPERATING EXPENSES OF ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (taxonomy aligned)</b>		<b>52</b>	<b>2%</b>			
<b>A.2 ELIGIBLE BUT NOT TAXONOMY ALIGNED ACTIVITIES</b>						
Production of energy efficiency devices for buildings	3.5	787	24%			
Renovation of existing buildings	7.2	12	0%			
<b>TOTAL OPERATING EXPENSES OF ELIGIBLE BUT NOT TAXONOMY ALIGNED ACTIVITIES</b>		<b>800</b>	<b>24%</b>			
<b>B. INELIGIBLE ACTIVITIES</b>						
<b>TOTAL OPERATING EXPENDITURE OF INELIGIBLE ACTIVITIES</b>		<b>2,462</b>	<b>74%</b>			
<b>TOTAL A + B</b>		<b>3,314</b>	<b>100%</b>			

Criteria for material contribution				Criteria for "Not causing significant harm"									
Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (Y/N) (11)	Adaptation to climate change (Y/N) (12)	Water and marine resources (Y/N) (13)	Circular economy (Y/N) (14)	Pollution (Y/N) (15)	Biodiversity and ecosystems (Y/N) (16)	Portion of operating expenditure aligned with taxonomy for year 2022 (18) %	Portion of operating expenditure aligned with taxonomy for year 2021 (18) %	Category (enabling activity) (20) A	Category (transitional activities) (21) T
										2%			
				Y	Y	Y	Y	Y	Y	1%	nd	A	
				Y	Y	Y	Y	Y	Y	0%	nd	A	
				Y	Y	Y	Y	Y	Y	0%	nd	A	
										24%	nd		



## OPEX NUMERATOR

With regard to the numerator of the KPI related to operating expenses (OpEx,) an analysis was conducted on company and sub-consolidated financial statements, mostly operating budgets, identifying cost items related to assets or processes associated with taxonomy aligned economic activities, including training and other human resource adaptation needs, as well as non-capitalised direct research and development costs. Account was also taken of costs related to (i) the purchase of products arising from taxonomy aligned economic activities, (ii) individual, non-capitalised measures that enable the target activities to achieve low carbon emissions or greenhouse gas reductions, and (iii) individual building refurbishment measures identified in Delegated Acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) and 15(2) of Regulation (EU) 2020/852, provided that such measures are implemented and made operational within 18 months.

Aligned activities were identified following an analysis process based on guidance provided by the Managers of the individual companies through the completion of specific questionnaires prepared in accordance with the EU “sustainable-finance-eg-taxonomy-tools” guidelines, taking into account the criteria set forth in the regulations. Specifically:

- a) compliance with Technical Screening Criteria (TSC)
- b) compliance with the Do Not Significant Harm (DNSH) principle relating to the environmental objectives of Climate Adaptation (Appendix A), Sustainable Use and Conservation of Water (Appendix B), Transition to a Circular Economy, Pollution Prevention and Control (Appendix C), and Safeguarding Biodiversity and Ecosystems (Appendix D)
- c) compliance with Minimum Social Safeguards (MSS)

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**Section A.1** shows the operating expenses attributable to activities **aligned with the climate mitigation objective** identified following the analysis process:

### Activity 3.5 - Manufacture of energy efficiency equipment for buildings:

- all operating expenses (OpEx) related to assets and processes associated with taxonomy aligned activities, attributable to maintenance, repair and cleaning of plant and/or machinery.  
*No significant harm (identified and/or reported) was caused by this activity to the remaining **five objectives** defined under Article 9 of the Regulation, and no exceptions emerged regarding compliance with the MSS*



#### Activity 4.1 – Electricity generation using solar photovoltaic technology:

- all expenses related to the maintenance and/or repair of solar photovoltaic systems in the Budri and Inoxtrend companies.

*No significant harm (identified and/or reported) was caused by this activity to the remaining **five objectives** defined under Article 9 of the Regulation, and no exceptions emerged regarding compliance with the MSS*

#### Activity 7.2 – Renovation of existing buildings:

- individual building renovation/efficiency measures (replacement of light bulbs, window frames, installation of electric vehicle charging stations), not capitalised, with reference to Fabbrica.

*No significant harm (identified and/or reported) was caused by this activity to the remaining **five objectives** defined under Article 9 of the Regulation, and no exceptions emerged regarding compliance with the MSS*

**Section A.2** shows operating expenses attributable to the following eligible but not taxonomy aligned activities for Achieving Climate Change Mitigation and Adaptation Objectives as per the criteria set out in the regulations:

#### Activity 3.5 - Manufacture of energy efficiency equipment for buildings:

- Operating expenses (OpEx) related to assets and processes associated with taxonomy eligible activities, attributable to maintenance, repair and cleaning of plant and/or machinery

#### Activity 7.2 – Renovation of existing buildings:

- individual building renovation/efficiency measures (e.g., replacement of light bulbs, window frames, installation of electric vehicle charging stations), not capitalised, with reference to Somec

**Section B** includes the operating expenses of the remaining economic activities deemed as non-eligible for EU taxonomy purposes.

## OPEX DENOMINATOR

As to the denominator, an analysis was conducted on the consolidated statutory and operating values. Notably, specific financial line items pertaining to the requirements of the Regulation (paragraph 1.1.3.1. of Decree 2021/2178) were considered:

- “Maintenance and repair costs”, held under the macro-item “Costs for services”
- “Personnel training costs”, held under the macro-item “Employee benefit costs” related to machinery repairs
- “Cleaning expenses”, held under the macro-item “Other general expenses” relating to factory/establishment cleaning
- short-term lease expenses”, held under the macro-item “Leases, rentals and other costs” related to maintenance, repair of property, plant and equipment
- “Car maintenance and repair costs”, held under the macro-item “...”
- “IT maintenance costs”

On the other hand, for non-capitalised R&D costs, a study was conducted on internally produced reports to identify all R&D orders accounted for in financial year 2022 – in respect of which service and personnel costs were charged – by relying on operating chargeback criteria, using standard rates.





# SUSTAINABILITY AT SOMEC

## THE VALUE OF RESPONSIBILITY

Somec is aware that the success of a company is measured not only through economic indicators, but also on its ongoing achievement of sustainability, creating value for itself and all its stakeholders. As was the case in the past two periods, the reporting period of this CNFS was also characterised by the continuation of the Covid pandemic, although the state of emergency officially ended on 31 March 2022, as well as by an exacerbation of climate change, which in 2021 had led the Group to adopt a policy on sustainability, a policy on the environment and a policy on health and safety. By adopting these policies, the Group sought to increase recognition and acknowledgement of the principles guiding the various activities at the core of Somec's business.

In addition to this, 2022 was afflicted by the conflict between Russia and Ukraine, which had and continues to have impacts on several fronts globally.

During 2020, the Group identified the main categories of internal and external stakeholders most influential on or most exposed to the Group's influence. It is of utmost importance to involve these in gauging their own interests and expectations on sustainability issues, thereby enabling the strengthening and improvement of relationships that constitute one of the Group's core strengths. The mapping of these interests and expectations has remained unchanged during 2022.



The economic value generated and distributed (aka "added value") accounts for the wealth produced by the SOMEC Group during the period and measures, in accordance with the GRI 201 standard, the economic impact of its activities on its main stakeholders, i.e., the Group's ability to create value for its own stakeholders.

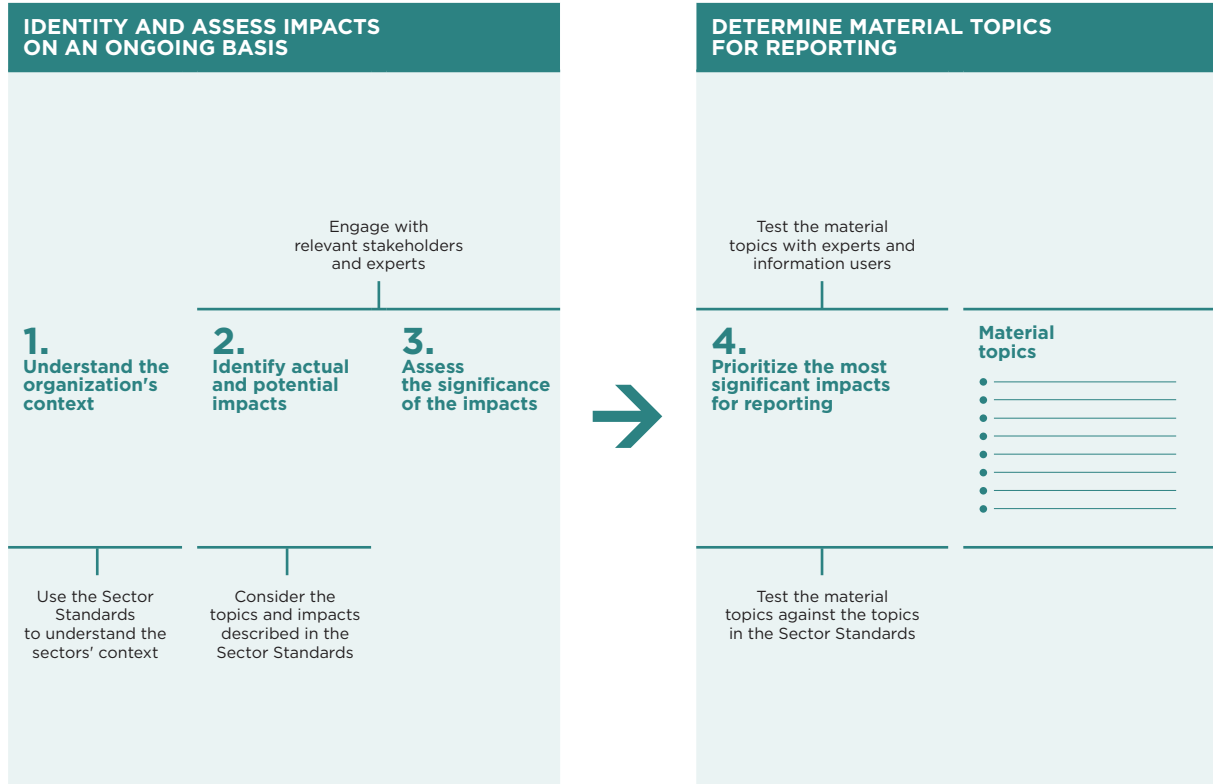
INDICATOR 201-1 - DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED			
	2022	2021	2020
<b>Economic value generated</b>	<b>229,147</b>	<b>264,251</b>	<b>330,178</b>
<b>Economic value distributed</b>	<b>211,091</b>	<b>237,927</b>	<b>111,226</b>
Operating costs	162,383	186,648	44,218
Value distributed to employees	42,309	48,711	53,802
Value distributed to capital providers	1,999	1,608	3,288
Value distributed to Public Authorities	26	507	1,394
Value distributed to shareholders	4,332	374	8,466
Value distributed to the community	42	79	58
<b>Economic value retained</b>	<b>18,056</b>	<b>26,324</b>	<b>218,952</b>

Unit of measure (currency): Euro

In 2022, the operational process by which Somec S.p.A. identifies and assesses ESG material topics was aligned with the new GRI Standard 3 - Material Topics 2021.

The analysis of material topics was carried out starting with the Group Risk Assessment 2022, which included the assessment of ESG-type risks by awarding a rating that was taken into account to assess the impacts from an outside-in perspective. Subsequently, this analysis was broadened to take into account the inside-out perspective, i.e., Somec Group's business impacts on the environment, people and stakeholders in general.

By engaging an internal working group that also involved representatives of the main Italian and foreign subsidiaries, Somec S.p.A. carried out the following analysis phases for the purpose of determining the material topics, as shown in the chart below:



Regarding phase 2, the GRI Sector Standards were not considered, inasmuch as no standard comparable to Somec's business was found.

**Context analysis**

During this phase, Somec S.p.A. carried out – for itself and all of its subsidiaries – an initial high-level analysis covering its operations, its business relationships, and the sustainability context in which these take place, as well as a general survey on its stakeholders to collect information in order to identify actual and potential impacts.

For the purposes of this analysis, Somec updated the Group's scope and any new impacts resulting from the new entities.

**Identification of actual and potential impacts**

During this phase, Somec S.p.A. identified its actual and potential impacts on the economy, the environment, and people, including those on their human rights, in the context of its activities and business relationships.

Specifically, actual impacts included those that have already occurred, while potential impacts included those that could potentially occur. Impacts can be of different types:

- negative or positive
- short-term or long-term
- intentional or unintentional
- reversible or irreversible

### ***Assessing the extent of impacts***

During this phase, Somec assessed the significance of the impacts identified in the previous phase in order to prioritise them. Prioritisation allows Somec S.p.A. to take action to address impacts and, subsequently, to determine material topics to be reported for non-financial reporting purposes.

The extent of an actual impact depends on the severity of the impact itself, while that of a potential impact depends on the severity and likelihood of the impact. The severity of an actual or potential impact was assessed on a scale of 1 (least severe) to 5 (most severe) according to the following criteria:

- scale: measures how severe the impact is within a pre-set range
- scope: how widespread is the impact, for example, the number of people affected or the extent of environmental damage
- irremediable character: indicates how difficult it is to mitigate or compensate the resulting damage

In addition to severity, the probability of an impact occurring was also assessed on a scale of 1 (least likely) to 5 (most likely) and, finally, severity was weighted with probability.

### ***Prioritisation of the most important impacts for reporting***

During this phase, with a view to establishing the material topics for reporting, Somec S.p.A. prioritised the impacts identified in the previous phases according to their importance.

### ***Definition of a threshold to determine which topics are relevant***

For the purposes of its reporting, Somec S.p.A. grouped impacts into material topics and selected topics with a rating of 3 or higher.

### ***Approval of material topics***

The highest governing body of Somec S.p.A. validated the final list of material topics through the approval process of the Non-Financial Statement.

However, the process for identifying and assessing material topics was carried out by including the sustainability issues under Article 2 of Legislative Decree 254/2016, which requires that the non-financial statement contains at least information regarding the:

- use of energy resources, distinguishing between those from renewable and non-renewable sources, and the use of water resources
- greenhouse gas emissions and air pollutant emissions
- impact - where possible on the basis of realistic assumptions or scenarios, including over the medium term - on the environment as well as on health and safety, associated with the risk factors under 1(c) or other relevant environmental and health risk factors

- social and personnel management aspects, including actions taken to ensure gender equality, measures to implement the conventions of international and supranational organisations in this area, and how dialogue with the social partners is carried out
- respect for human rights, measures taken to prevent human right violations, and actions taken to prevent discriminatory conduct and actions
- fight against corruption and bribery, describing the measures adopted to this end

Based on the analysis carried out, the following **ESG topics** were identified:

- energy efficiency and climate change
- emissions of pollutants
- occupational health and safety
- consumption of raw materials
- safety and product innovation
- employee welfare and well-being
- development of resources and human capital
- human rights
- waste management and circular economy
- supply chain sustainable management
- diversity and equal opportunities
- business ethics and sustainability governance
- relationship with local communities
- industrial relations
- cybersecurity
- protection of water resources
- taxation management

Somec assessed the significance of the impacts that were identified to prioritise them and identify which related ESG topics were to be considered as material. The following ESG topics with a rating of 3 or higher were considered as “material”:



<b>ENVIRONMENT</b>	<b>Energy efficiency and climate change</b>	Limiting energy consumption, promoting efficient solutions and spreading an energy-saving culture with a view to reducing the Group's overall impact on climate change.
	<b>Waste management and circular economy</b>	Promoting efficient waste management and disposal of materials used, maximising recycling and reuse according to circular economy principles.
<b>HUMAN RESOURCES</b>	<b>Employee welfare and well-being</b>	Establishing a welcoming, stimulating and positive working environment, ensuring work-life balance and providing welfare schemes for employees.
	<b>Development of resources and human capital</b>	Promoting and driving the development of human capital by delivering skill development and capacity building endeavours, appropriate training and career plans consistent with the potential of each resource.
	<b>Occupational health and safety</b>	Ensuring product safety and quality by stimulating innovation and investing in research and development.
	<b>Industrial relations</b>	Establishing open and regular communication between employees, their representatives and Group management.
	<b>Diversity and equal opportunities</b>	Ensuring equal opportunities and combat all forms of discrimination (e.g. gender, religion, political opinion, nationality).
	<b>Relationship with local communities</b>	Supporting local communities by sponsoring local initiatives, projects and donations and sourcing goods and services from local community suppliers to the largest extent possible.
	<b>Material consumption</b>	Ensuring transparency in the choice of materials used, guaranteeing compliance with quality standards while limiting environmental impacts.
<b>SOCIAL</b>	<b>Supply chain sustainable management</b>	Promoting sustainable supply chain management, taking environmental and social criteria into account when selecting suppliers and committing to manage environmental and social risks across the entire supply chain.
	<b>Safety and product innovation</b>	Ensuring product safety and quality by stimulating innovation and investing in research and development.
	<b>Business ethics and sustainability governance</b>	Ensuring that (i) the company's governance, management and control bodies discharge their duties effectively with regard to sustainability issues and their mix, and (ii) business is conducted based on such ethical principles as to includes the fight against corruption and the quality of relations with customers, suppliers and the communities impacted by the company's operations.
<b>FIGHT AGAINST CORRUPTION</b>		
<b>HUMAN RIGHTS</b>	<b>Human Rights</b>	Ensuring respect for human rights within the Group and across the entire value chain.



During 2022, some descriptions of the following material topics were revised to better reflect the concepts of related ESG aspects, risks and impacts.

MATERIAL TOPIC 2021	MATERIAL TOPIC 2022 BRIEF DESCRIPTION	MATERIAL TOPIC 2022 FULL DESCRIPTION
Waste management	Waste management and circular economy	Promoting efficient waste management and disposal of materials used, maximising recycling and reuse according to circular economy principles
Business ethics	Business ethics and sustainability governance	Ensuring that (i) the company's governance, management and control bodies discharge their duties effectively with regard to sustainability issues and their mix, and (ii) business is conducted based on such ethical principles as to include the fight against corruption and the quality of relations with customers, suppliers and the communities impacted by the company's operations
Development of resources and human capital	Development of resources and human capital	Promoting and driving the development of human capital by delivering skill development and capacity building endeavours, appropriate training and career plans consistent with the potential of each resource

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In order to proceed with the identification and assessment of material topics for the Group, desk analyses had already been conducted in 2020 to gain an understanding of the expectations of Somec stakeholders and, as a result, of company priorities. This analysis included:

- benchmark analysis – To identify the non-financial topics mostly covered, the sustainability reports and websites of competing and comparable companies as well as a selection of inspirer companies were analysed
- analysis of industry documents – The main non-financial documents published by major international organisations on sustainability were analysed
- press review analysis – An analysis was conducted on publicly available articles related to Somec and the most relevant non-financial areas, with the aim of identifying pressures from the public and the media
- sustainability macrotrends – An analysis was conducted on the documents and reports of the most important and influential non-governmental organisations, policy makers and major stock exchanges on a global level, with the aim of identifying the main non-financial topics at a local and international level

The results of these analyses were submitted to top management through an ad hoc interactive workshop that allowed participants to (i) discuss the results arisen from the desk analyses, (ii) assess - in respect of each material topic identified - the significant economic, environmental and social impacts for Somec, and (iii) approve the Group's material topics. The results of the 2020 materiality assessment were confirmed by the new materiality analysis process implemented for 2022.

The Group manages the impacts identified by the material topic analysis using a system of organisational delegations and functional responsibilities. Some of these responsibilities (e.g., human resources, health and safety and environment) are delegated directly by the Board of Directors, while others are the subject of delegations and procedures within the operational management of each corporate function.

The periodic process of reporting to the Board of Directors on impacts on the economy, the environment and people has been established on the basis of regulatory requirements for each material topic related to laws and regulations (e.g., health and safety of workers) and on the basis of requests by the Board of Directors for updates on specific projects (e.g., HR management improvement projects).

The following table lists the impacts identified during the materiality analysis associated with each ESG topic, both material and non-material.

## POTENTIAL IMPACTS IDENTIFIED

Impacts of energy saving strategies and actions in terms of consumption of energy resources and reduction of greenhouse gas emissions, including in relation to targets set at the European level and under international treaties.

The quality and disclosure – both internally and to stakeholders – of a strategic sustainability plan can have impacts on the governance of ESG issues.

Weaknesses in the ESG indicator system can give rise to negative impacts on the effectiveness of reporting, business ethics and the effectiveness of sustainability governance.

The lack of adequate safety measures on worksites could cause accidents to workers, with consequences on their physical and psychological well-being.

The absence of transparent and clear lobbying activities could facilitate the occurrence of corruption offences.

Aggressive management of disclosure of financial and ESG information and data to the market and stakeholders can create distorting effects on company shares and harm investors.

Impacts on workers' health and safety related to the outbreak of new pandemics in the absence of an adequate protection and prevention system.

The impact on staff resulting from ineffective HR management in the development of upskilling, reskilling and life-long learning tools will cause poorer staff knowledge as well as the exit of key company profiles.

Regulatory developments designed to improve the energy efficiency of offices and production facilities generate opportunities for energy savings and lower greenhouse gas emissions.

Failure to respect diversity (e.g. gender, disability) in the composition of the workforce and governing bodies could have impacts on the level of compliance with diversity legislation and give rise to negative consequences for staff and colleagues as far as equal opportunities are concerned.

Potential cybersecurity breaches may trigger negative impacts in terms of data breach and human rights with regard to data protection.

As part of the process whereby target companies and due diligence activities are assessed, failure to reflect ESG implications in the M&A model could result in negative impacts on the effectiveness of the Group's ESG governance.

The lack of a sustainability policy system could have impacts on the subsidiaries' ability to conduct business according to the ethical principles of the parent company.

Welfare policies tailored to the needs of staff can help have a positive impact on employee welfare and bring about virtuous effects on their behaviour (e.g. decrease in absenteeism rates).

The lack of standard procedures and the mere reliance on the background of individuals can limit the scope of the internal control system as related to ESG aspects, with impacts on the transparency and integrity of governance.

Failure to monitor regulations on key ESG issues, including the reporting of non-financial information (CSRD) could cause negative impacts on the effectiveness of ESG governance as well as on the environment and stakeholders.

Deficiencies in the Compliance Programme under Legislative Decree 231 can cause significant impacts on the fight against corruption.

Ineffective integration of newly-acquired companies may cause negative impacts on the sustainable management of the supply chain and the conduct of business according to the ethical principles of the parent company.

Programmes designed to advance and improve the skills of all employees, ensuring quality training with a view to career development, generate positive impacts on human capital and act as key drivers for attracting talent and qualified personnel.

Violation of product safety regulations will result in negative impacts on the safety of end consumers.

Possible impacts on workers' health and safety, the environment and business ethics resulting from acquisitions of companies that pay little attention to these aspects.

The lack of a Delegations of Authority model could cause inefficiencies in terms of coordination and control as well as risks of fraud.

Deficiencies in sustainable supply chain management strategy cause impacts on workers' health and safety.

Consumption of raw materials	Energy efficiency and climate change	Waste management	Emissions of pollutants	Protection of water resources	Diversity and equal opportunities	Resources and human capital	Industrial relations	Occupational health and safety	Employee welfare and well-being	Supply chain sustainable management	Relationship with local communities	Safety and product innovation	Business ethics and governance	Human rights	Cybersecurity	Taxation
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## POTENTIAL IMPACTS IDENTIFIED

Shortcomings in the financial reporting system and tools could increase the likelihood of fraudulent conduct and behaviour, unreliable financial statements or inaccurate forecasts in companies' business plans.

Deficiencies in and violations of the Compliance Programme under Legislative Decree 231 can cause significant impacts on the Group from an administrative liability perspective.

A career development and performance management system brings about positive impacts on the ability to attract qualified resources, staff welfare and equal opportunities.

The inadequacy of one's business model with a view to ESG can cause impacts in terms of reduced competitiveness and future survival of the company, especially in the event of failure to integrate sustainable development objectives across all company functions.

Aggressive fiscal conduct could reduce government revenues and lead to reduced investment in infrastructure and public services, an increase in government debt, or the shifting of tax obligation to other taxpayers.

Deficiencies in sustainable supply chain management strategy cause impacts on workers' health and safety as part of subcontracts, as well as on business ethics.

Failure to cause subsidiaries to implement an effective governance model would not allow the parent company to have full organisational control over its subsidiaries, resulting in negative ESG impacts in terms of governance.

Failure to rely on adequate safety measures in factories could cause accidents, more or less serious, to the workforce.

Practices aimed at restricting freedom of association and collective bargaining can cause negative impacts on workers' rights.

Impacts on workers due to failure to respect human rights regarding workers' conditions and rights (working hours, forced leave, etc.).

Deficiencies in the waste management and monitoring system, as well as in actions designed to drive transition to a circular economy, could lead to significant impacts in terms of environmental pollution and non-compliance with legislation.

A governance model lacking the tools to protect the company from the risk of conflicts of interest can cause harm to stakeholders (e.g. shareholders) as well as reputational impacts.

Staff management in breach of respect, equality and merit empowerment gives rise to discrimination in the workplace and lack of equal opportunities.

Extreme weather events (droughts, floods, water bombs, etc.) due to climate change may disrupt and compromise operations at production plants and worksites, as well as business continuity, with impacts on workers and local communities.

Any violations of the procedure for regulating related party transactions may lead to negative impacts in terms of transparency and discrimination against minority shareholders.

A decrease in the availability of certain raw materials or a potential increase in demand causing in turn a rise in the price of materials could result in supply difficulties. This could cause negative impacts on compliance with quality standards as well as environmental impacts due to environmentally unfriendly sourcing choices.

The life cycle of products, from production to disposal, can cause impacts on the environment and stakeholders.

Impacts on the environment and workers due to polluting emissions from painting, welding and laser cutting plants insofar BAT (Best Available Technology) is not available.

Impacts on workers due to failure to respect human rights regarding the conditions and rights of workers of Group suppliers.

Impacts on local communities due to Group initiatives, projects and donations in terms of local development opportunities.

Impacts on water resources from Somec's and Pizza Group's water withdrawals for production activities and Budri's discharges.

Consumption of raw materials	Energy efficiency and climate change	Waste management	Emissions of pollutants	Protection of water resources	Diversity and equal opportunities	Resources and human capital	Industrial relations	Occupational health and safety	Employee welfare and well-being	Supply chain sustainable management	Relationship with local communities	Safety and product innovation	Business ethics and governance	Human rights	Cybersecurity	Taxation
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# THE VALUE OF OUR PEOPLE

Somec has always taken special care of its employees - who are, above all, people: women and men who actively contribute daily to the Somec's success at the various levels of the Group. These solid assets proved to be a key strength during 2020, when the Coronavirus pandemic shook economies around the world, forcing us all to face an unprecedented emergency. The biggest challenge was to guarantee business continuity, by adapting to the new and unpredictable scenario. We drew on our capacity for resilience, with Somec's management and the companies within the Group working tirelessly side by side.

In 2022, although the state of emergency had ended, the pandemic was managed by maintaining the protocols in place for cases of contagion. Of course, these protocols were updated according to the latest regulations. In addition, all provisions concerning the daily supply of masks to all employees (even after the obligation had been lifted), the provision requiring availability of special sanitising stations in various areas of the company, and the periodic sanitisation of premises and, where present, of the canteen were all maintained.

With regard to the international geopolitical context, no impact on the organisation and human resources has arisen from the conflict between Russia and Ukraine.

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In the course of 2022, as already mentioned, the Group completed the replacement process of landscape and seascape divisions with three business units: Engineered systems for naval and civil architecture; Professional kitchen systems and products; Design and Production of Bespoke Interiors. Over the past year, the Group has further expanded through acquisitions mainly in the interiors segment. The management of these transactions required an expansion of the HR Function, which centrally manages almost all the Italian companies and branches of the Group with the same management system (which was applied to latest acquisitions effective 1 January 2023), as well as the Management Control and ICT Functions, the purpose being to ensure greater oversight and provide a consistent service to all the entities belonging to the Group.

Despite this, staffing remains a critical issue, as the problem relating to staff turnover and recruiting affecting all jobs across the board now lingers on a global scale. Generally speaking, it can be said that the many recruitments that took place in 2022 also covered resignations during the year.

The Group's personnel requirements concern all segments, in various positions and at different levels. In this regard, the personnel search and selection policy has been extended to all Italian subsidiaries. In an attempt to boost the recruitment of people with specialised skills, especially in the interiors segment, a collaboration scheme was launched with the Ca' Foscari University and the Faculty of Architecture of the University of Venice.

The HR Department has also been liaising with the Higher Institute of Industrial Design in Pordenone to start collaboration on specific topics.



**I.S.I.A. Roma Design** - an acronym for Istituto Superiore per le Industrie Artistiche (Higher Institute for Artistic Industries (Industrial Design) - is the State Institute of Higher Education of the Italian Ministry of Education, University and Research). It was founded in Rome by Giulio Carlo Argan in 1973 to meet the need to train professionals as part Europe's long-established intellectual and educational tradition, based on which it has developed a methodological framework of excellence resting on the great Italian tradition of creativity and product innovation.

*I.S.I.A. Roma Design considers design as a key enabler of dialogue and interaction between individuals and society, demand and sustainability, expression and reflection, viewing design as the configuration par excellence of every kind of instrumental and ingenious production. On the strength of its forty-year long activity and its constant focus on research and experimentation, today it can count on a cultural heritage and a scientific and education experience that is virtually unique in Italy, as it can provide students with the appropriate means to identify the profound social and economic and technological changes underway and translate them into deeds of creation, qualifying the designer both as a bearer of renewed material culture and as an interpreter of the immateriality of our age.*

*I.S.I.A. Roma Design - driven by the need to disseminate the cultural and methodological values that identify its endeavours, despite the limited reach of the teachings being delivered, and further with a view to safeguarding the quality of teaching, the student-teacher relationship and project and research findings - in 2010 it launched a three-year decentralised course in Pordenone, which was held with the support of and at the Pordenone University Consortium. This is the venue where it also stages the annual Pordenone Design Week, a unique event where education meets the community and its companies, now in its sixth edition.*

The permanent contract is still the preferred one.

As at 31 December 2022, the Group had a total of 909 employees, 203 of whom women and 706 men. The sizeable difference in the number of male and female employees in Somec's workforce is due to the core activities of the business, many of which require a large amount of manual labour, which is often more suited to male employees. 2022 saw an uptrend compared to 2021, this being due by both a constant investment in people and staff increases as well as the inclusion of Bluesteel and Budri in the reporting scope. Again this year, the aspect that sets the Group apart in terms of human resources management is our clear preference for permanent contracts (93.9%) over fixed-term contracts (6.1%). To complete the picture, in 2022, the Somec Group employed 97.2% of its employees on a full-time contract, a slight decrease from 97.6% in the previous year.

## GRI 2-7 DISCLOSURE - EMPLOYEES

Contract type		Gender	2020	2021	2022
Employees by contract type	Permanent	Female	167	165	192
		Male	622	617	662
		<b>Total</b>	<b>789</b>	<b>782</b>	<b>854</b>
	Fixed term	Female	4	12	11
		Male	16	28	44
		<b>Total</b>	<b>20</b>	<b>40</b>	<b>55</b>
<b>Totale</b>			<b>809</b>	<b>822</b>	<b>909</b>
Employees by work schedule	Full time	Female	154	162	183
		Male	633	640	701
		<b>Total</b>	<b>787</b>	<b>802</b>	<b>884</b>
	Part time	Female	17	15	20
		Male	5	5	5
		<b>Total</b>	<b>22</b>	<b>20</b>	<b>25</b>
<b>Total</b>			<b>809</b>	<b>822</b>	<b>909</b>

Measurement units: no.

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The Group's workforce is allocated as follows: 60% in the companies of the Engineered Systems for Naval and Civil Architecture business unit, 26% in the companies of the Professional Kitchens Systems and Products business unit and 14% in those engaging in the "production of bespoke interiors" business unit.

The highest numbers of workers are concentrated in Somec S.p.A., Fabbrica LLC and Oxin S.r.l. The parent company alone employs 26.3% of the workforce, followed by 14% at the US subsidiary and 8.7% at Oxin. The remaining companies of the Group account for lower percentages of staff, at an average share of around 2.8% each. In 2022, apart from directly employed staff, the Group relied on a small group of non-employee workers. Compared to the previous period, the number of self-employed workers slightly increased<sup>(7)</sup> (8 in 2020, 2 in 2021 and 4 in 2022), while the number of temporary workers<sup>(8)</sup> decreased (52 in 2020, 77 in 2021 and 68 in 2022). Finally, the number of interns was in line with past periods (3 in 2020, 4 in 2021 and 4 in 2022). It should be noted that no "on-call" workers are relied upon.

(7) For Italian companies, self-employed workers are VAT registered individuals.

(8) It should be noted that for the years 2020 and 2021, the temporary workers of Fabbrica LLC have also been included.

In addition to the gender breakdown, the typical characteristics of the Group's business are also reflected in the pyramid structure of personnel, observed at our manufacturing companies: White collars are the largest category of Somec's workforce, totalling almost half of the headcount (49.1%, up from 45.5% in 2021), followed by blue collars (44.2%, slightly down from 49.1% last year), managers and executives. As regards age distribution, most workers fall into the age group of between 30 and 50 years, followed by over 50s and under 30s.

GRI 405-1 DISCLOSURE - DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES							
	Job category	2020		2021		2022	
		Female	Male	Female	Male	Female	Male
<b>Employees by job category and gender</b>	Executives	2	10	0	16	0	19
	Managers	4	23	4	24	7	35
	White collars	147	214	147	227	166	280
	Blue collars	17	392	26	378	30	372
	<b>Total</b>	<b>170</b>	<b>639</b>	<b>177</b>	<b>645</b>	<b>203</b>	<b>706</b>

Measurement units: no.

	Job category	2020			2021			2022		
		<30	30-50	>30	<30	30-50	>30	<30	30-50	>30
<b>Employees by job category and age</b>	Executives	0	3	9	0	4	12	0	8	11
	Managers	0	17	10	0	13	15	0	21	21
	White collars	83	231	47	70	237	67	82	292	72
	Blue collars	75	231	103	64	231	109	52	233	117
	<b>Total</b>	<b>158</b>	<b>482</b>	<b>169</b>	<b>134</b>	<b>485</b>	<b>203</b>	<b>134</b>	<b>554</b>	<b>221</b>

Measurement units: no.



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## EMPLOYEE HEALTH AND SAFETY

Thanks to the strong sense of responsibility that sets the Group apart in every aspect of its operations, Somec is committed to promoting and supporting any measures that safeguard the health and safety of its employees, in full compliance with current legislation. In line with this effort, for the companies subject to Italian law, the Group has begun the gradual process of consolidating and standardising health and safety practices with the aim of managing centrally all the aspects that are currently controlled by the individual companies.

In the first half of 2021, Somec issued a Group Policy on Workplace Health and Safety, inviting the individual companies to adhere to the principles contained therein, while for the time being maintaining their own procedures and practices, determined in part by the different regulations of their countries of operation.

In fulfilment of its commitment, the parent company completed the process of integrating and implementing its workplace safety management system according to the ISO45001 standard, obtaining certification in April 2022. In addition to the parent company and subsidiary Fabbrica Works, which had already obtained certification in 2021, the newly acquired Bluesteel is also ISO45001 certified (the certificate was successfully renewed at the end of the year).

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In general, the procedures put in place by the Group companies for management of any employee health and safety-related issues have been reconfirmed as fully complying with the relevant national laws. Monitoring and supervision are assigned to various corporate functions, who are offered special training, on the basis of their specific skills and responsibilities. Risk assessment is carried out by the Health and Safety Officer of each company with the support of dedicated internal teams: in accordance with current regulations, inspections and meetings with employees and / or their Safety Representatives are carried out in order to promptly identify risks, perform the necessary assessments and propose any mitigating measures to prevent future injuries. The same procedure applies in the case of injuries in the workplace, depending on the severity of the event. For our companies based in Italy the set of procedures is contained in the Risk Assessment Document, as required by law, while it is covered by appropriate risk assessment procedures conducted by foreign companies. In Italy, Health and Safety Officers play a key role that acts as a link throughout the chain of management of health and safety issues. In compliance with legal requirements, we have appointed trained physicians as part of the company's health and safety management practices and procedures. The doctors contribute to the risk assessment procedure and guarantee the confidentiality of any information that may arise during regular check-ups with employees, in full compliance with privacy regulations. Medical check-ups conducted by the trained physicians are structured on the basis of a specific healthcare protocol according to the various tasks performed by each worker, a fundamental aspect to eliminate risks.

In 2021, Somec took a further step in the path of harmonisation by identifying a single Health and Safety Officer for all companies in the food service equipment sector, apart from Oxin, and a single occupational physician, choice confirmed and retained in 2022. The management of safety and environmental documents is carried out through a portal, thereby ensuring data entry and compliance with the relevant deadlines. This system, which was already present in Gico, has been extended to the PizzaGroup, Primax and Inoxtrend companies. The Group aims to also align and standardise other companies over the next few years.

In addition to the necessary distinctions made on a geographical basis - which in the member states of the European Union in general, and in Italy in particular, depend directly on stringent occupational health and safety laws, with the respective mandatory regulations that provide for it - it is worth noting the differences deriving from the different nature of the companies in the Group's portfolio. In particular, the Engineered Systems for Naval and Civil Architecture and Professional Kitchen Systems and Products business units engage in purely production activities.

As they entail the processing (cutting, bending, welding) of steel and metals in general, or glass, they involve, together with on-site installation activities, different risks than those identified for the Design and Production of Bespoke Interiors business unit, having its focus mainly on the installation and marketing of semi-finished and finished products. Exceptions include Skillmax, which carries out production activities that may present risks similar to the first group, as well as the newly acquired Budri, which may present risks of a similar nature as it engages in production activities relating to marble cutting and processing as well as site installation. For example, the first group are exposed to the following risks: explosion, chemical hazard, entrapment hazard and amputation. However, there are also risks that are common to all the Group's activities, such as, among others: the risk of being injured by forklift trucks, risk of falling from a height, risk of slipping, noise hazard.

A further distinction can be made in reference to the tasks performed within the individual companies: in addition to the aforementioned risks, in fact, we must consider those that typically arise as a result of using video terminals for office workers at our manufacturing companies, as well as the activities carried out by subsidiaries such as Squadra and Atelier de Façade, which mainly involve the design and engineering of products. These include visual fatigue and ergonomic-related injuries.

In accordance with legal requirements, the Group implements all measures necessary to mitigate and prevent the risks identified in the Risk Assessment Documents (or documents of a similar nature and purpose) of the subsidiaries. In particular, mandatory occupational health and safety awareness training is key in this respect. In addition, we provide all the necessary PPE (gloves, protective goggles, safety shoes, hearing protection and specific PPE used on construction sites, such as safety harnesses for working at height) and signs are posted indicating the dangers and reminding workers of appropriate conduct when using certain machinery that can easily cause injury. One important prevention practice worth noting is the monitoring of so-called near-misses<sup>(9)</sup> performed by Fabbrica LLC and, as of October 2020, also by Skillmax. Since 2021, the parent company has also been monitoring near misses, primarily for preventive purposes, but also in view of its desire to further improve its occupational safety management system with a view to ISO45001 certification.

At Oxin, significant investments have been made in improved working conditions for staff in certain production departments; Notably, a hydraulic press was inserted to remove reverberation noise and to alleviate fatigue on the operator's back. The installation of the pneumatic manipulator deployed in 2021 was also completed to handle material without causing excessive strain to the operator's back. As in the previous period, specific training was delivered in 2022 to prevent musculoskeletal disorders, in collaboration with the University of Padua.

During 2022, the number of hours worked by employees increased by 16.3% compared to the previous year. This increase was mainly due to the change in the scope of consolidation following the inclusion of Budri and Bluesteel. As to the number of accidents, the figure was in line with that of the previous year: accidents were entirely minor in nature, mostly relating to accidental injuries.

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(9) A near-miss or "near-accident" is defined as any work-related event that could have caused an injury or damage to health (illness) or death but did not result in any of these outcomes.



With regard to workers who are not employees but whose work and/or place of work is under the Group's control, there was a 9.5% increase in hours worked compared to 2021. The increase was due to the need for new labour, mainly temporary workers, which is crucial to ensure flexibility in production volumes. It should be also noted that, despite the increase in the number of hours worked, the number of accidents recorded was in line with the previous year.

Finally, during the year, there were no commuting injuries - where transport was organised by a Group company and travel took place during working hours - or deaths. No external workers were seriously injured during the period. In 2022, there were no cases of occupational illnesses, the risks associated with which are identified by means of specific risk assessment procedures that identify those that occur most frequently due to the repetitive nature of some tasks and exposure to noise and vibrations during some production processes.

#### GRI 403-9 DISCLOSURE - WORK-RELATED INJURIES<sup>(10)</sup>

	Information	2020	2021	2022
<b>Dipendenti</b>	Hours worked	1,371,269.5	1,400,687.2	1,628,363.3
	Total number of injuries	21	20	17
	of which high consequences injuries	1	0	0
	Injuries frequency rate	3.06	2.86	2.09
	High consequences injuries frequency rate	0.15	0.00	0
<b>Lavoratori che non sono dipendenti<sup>(11)</sup></b>	Hours worked <sup>(12)</sup>	884,134.2	1,316,678.8	1,441,189.1
	Total number of injuries	1	3	4
	Injuries frequency rate	0.23	0.46	0.56

(10) As part of the calculation of the figure relating to hours worked, more detailed data became available than was considered and reported in the 2021 NFS for the year 2020. The data that became available in the course of 2022 made it possible to hone the calculation for both the reporting year (2022) and, consistently, for the year 2020, in order to give as reliable and consistent a view as possible. This NFS therefore shows the most accurate figure for the entire three-year reporting period.

(11) The category includes temporary workers and subcontractors.

(12) For details of the estimates and assumptions adopted in the calculation of hours worked by non-employees, reference should be made to the Methodological Note.

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## EMPLOYEE WELL-BEING AND RETENTION

Somec is well aware that production performance goes hand in hand with the well-being and retention of its people. In this context, Somec takes care of its employees through various targeted initiatives. Although the HR function is centralised for the Italian subsidiaries, the Group, is still in the process of standardising practices and procedures, and over the next few years aims to eliminate any differences between the various subsidiaries in terms of HR management. A first step in this direction was extending in 2022 the Internal Rules, the policy on expense reports and the policy on training to all companies (including newly acquired ones). One of Somec's objectives for the next few years is to establish a Group policy that sets fixed and variable benefits for employees, as well as expanding its current Welfare platform and converting all employees' performance bonuses as flexible benefits - a possibility being considered during the negotiation of second-level contracts with the trade unions.

At the moment, this overall objective is in progress. During 2021, a second-level supplementary contract was stipulated for three years, limited to the parent company. This provides for the establishment of the Inditex result bonus, on the basis of the three indicators: profitability, productivity and quality. If the bonus is achieved, this will be converted into welfare instruments.

In 2022, the platform to convert the performance bonus into welfare became operational, albeit for the parent company only. In 2022, the plan was also extended to subsidiary Oxin, while the platform for the conversion of the performance bonus into welfare will become operational by 2023.

It should be stressed that the second-level supplementary contract entered into with reference to the aforementioned companies consisted of including, within the company collective agreement, a system of trade union relations. To this end, an ad hoc Company Observatory was established and shared with the Work Councils to address issues relating to safety at work in meetings held at least every four months. In addition, a chapter was dedicated to the social dimension and sustainability with some provisions in favour of employees, including the following:

- additional paid leave in the event of serious illness for a further 6 months, once the obligatory protection has expired, in an amount equal to 30% of gross pay
- allowance of 10% of average daily pay for the period of optional maternity leave, provided that the other parent has also taken at least 15 continuous days of optional leave from work; one of the aims here is to encourage equal parenting, as well as balance between family and professional responsibilities
- a contribution of €400 a year for day-care for the children of employees with at least 24 months' seniority
- solidarity time bank, for transfer of accrued holidays and annual paid leave, thereby promoting solidarity among colleagues
- establishment of two scholarships for children of employees who have achieved excellent results in their final year of secondary schooling (during School Year 2021/2022), amounting to €750 per year each; one of the aims is promotion of social advancement

- promotion of employee health through provision of awareness-raising moments dedicated to healthy lifestyles, in collaboration with the University of Padua
- advance payment of severance paid up to a maximum of 80%, in cases provided for by law
- from July 2021, the company will contribute an additional 0.2% of the minimum contractual amount to workers enrolled in supplementary pension funds

The idea is to extend this initiative to the other Group companies as well, gradually from 2023, where possible, given that there is no group-wide trade union coordination.

At Oxin, in particular, a new social security integration clause for workers was introduced as part of the corporate contract renewal. Employees who wish to complete their high school diploma during their employment will be able to benefit from a corporate scholarship. Getting back into the game through education is a challenge and another way to align personal well-being with corporate sustainability in the mutual quest for improvement.

Finally, for the Christmas holidays 2022 the company provided all employees with fuel vouchers as an additional measure to help staff at a particularly difficult time.

In 2022, the overall collective bargaining agreement coverage was 83%. The contract used for all employees in Italy is the National Collective Labour Agreement (CCNL) for Metalworkers, and some workers based in Finland (Sotrade) are covered by similar agreements. For the other companies with offices outside Italy the local legislation, and in the USA (Fabbrica LLC) and Canada (Atelier de Façade), the characteristics of the labour markets do not provide any structures for contracts negotiated with trade unions.

Starting from 2021, the Personnel Search and Selection Policy was extended to all Italian subsidiaries. Hiring increased overall compared to last year, by 33%. More specifically, the male share of hires increased by 36%, while the increase in the rate of female hires was in line with last year, registering growth of 21%. The total increase in the number of hires of men was greater than that of women and was related to the type of business as well as to the activity carried out by the company (conducted mainly at worksites).

As regards terminations, the amount increased compared to the previous year, with a trend of +62%, mainly attributable to the change in the reporting scope (in particular, following the inclusion of Budri and Bluesteel) and the high number of terminations at Fabbrica (+56), of which (+52) were due to the non-renewal of some contracts following the completion of installation activities at the site.



**GRI 401-1 DISCLOSURE - NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER**

	Gender	Age	2020	2021	2022	
New employee hires	Female (n.)	<30	13	11	20	
		30-50	19	21	24	
		>30	3	6	2	
	<b>Total female employees (n.)</b>			<b>35</b>	<b>38</b>	<b>46</b>
	<b>Female hiring rate (%)</b>			<b>20.6</b>	<b>21.5</b>	<b>22.7</b>
	Male (n.)	<30	46	55	50	
		30-50	74	93	136	
		>30	9	13	33	
	<b>Total male employees (n.)</b>			<b>129</b>	<b>161</b>	<b>219</b>
	<b>Male hiring rate (%)</b>			<b>20.3</b>	<b>25.0</b>	<b>31.0</b>
	<b>Total hires (n.)</b>			<b>164</b>	<b>199</b>	<b>265</b>
<b>Total hiring rate (%)</b>			<b>20.3</b>	<b>24.2</b>	<b>29.2</b>	

	Gender	Age	2020	2021	2022	
Employee turnover	Female (n.)	<30	8	5	9	
		30-50	25	18	24	
		>30	2	8	6	
	<b>Total female employees (n.)</b>			<b>35</b>	<b>31</b>	<b>39</b>
	<b>Female turnover rate (%)</b>			<b>20.6</b>	<b>17.5</b>	<b>19.2</b>
	Male (n.)	<30	54	40	43	
		30-50	107	66	142	
		>30	27	23	35	
	<b>Total male employees (n.)</b>			<b>188</b>	<b>129</b>	<b>220</b>
	<b>Male turnover rate (%)</b>			<b>29.5</b>	<b>20.0</b>	<b>31.2</b>
	<b>Total turnover (n.)</b>			<b>223</b>	<b>160</b>	<b>259</b>
<b>Total turnover rate (%)</b>			<b>27.6</b>	<b>19.5</b>	<b>28.5</b>	



In 2021, the process of standardising training for Italian companies was completed. As early as the end of 2020, the HR department had conducted informal surveys with managers to assess the training needs of their employees, for preparation of a database and drawing up of the 2021 training plan.

This resulted in an initial database for group-wide training, not only of compulsory nature on health and safety, but also on Digital Skills, Hard Skills, Language Skills and Soft Skills.

In 2022, a new item was added to the Learning database: Compliance relating to training activities on topics such as the new GDPR regulation on privacy or the Compliance Programme under Law 231. Beginning in 2021, the Group is regularly monitoring the training hours provided for all companies. Overall, 5,989 hours were provided last year, mainly to white collars (55%), followed by blue collars (38%), managers and executives (7%), for an average of 6.6 hours per employee.

With regard to the overall increase in hours delivered to employees (+269, i.e., +5% compared to 2021), the following should be noted in particular:

- training hours delivered to managers (+119) increased by about 56%, commensurate with the doubling of the number of managers (28 in 2021 vs. 42 in 2022)
- the number of training hours delivered to workers increased by 20% (+368), although the number of training hours was essentially unchanged compared to 2021, which is to be considered positive, especially from a safety and quality perspective
- the number of training hours delivered to employees decreased by 5% (-184) due to the cyclic nature of occupational health and safety course delivery. In 2021, many statutory deadlines resulted in the delivery of a greater number of training hours

#### GRI 404-1 DISCLOSURE - AVERAGE HOURS OF TRAINING PER EMPLOYEE

	Employment category	2021	2022
<b>Average training hours by employment category</b>	Executives	9.3	6.1
	Managers	7.5	7.8
	White collars	9.3	7.4
	Blue collars	4.7	5.6
	Gender	2021	2022
<b>Average training hours by gender</b>	Female	8.0	7.1
	Male	6.7	6.5

Measurement unit: h

Wherever possible, awareness-raising and training sessions were also delivered in 2022 in collaboration with the University of Padua. Training was delivered during the compulsory safety refresher sessions for operational personnel and the topics covered included healthy lifestyles and correct posture.

**Somec Group** has initiated a fruitful and interesting collaboration by commissioning GYMHUB to update the specific safety training for three groups of workers with high-risk tasks.

**Gymhub Srl** is a university spin-off, established in 2016 by the University of Padua Department of Medicine. The company aims to ensure the well-being of the person, through projects in the sphere of worker health and safety. In particular, the Somec training project focuses on the study and practice of specific preventive and compensatory exercises to reduce the risk of pathologies and musculoskeletal disorders of the spine, shoulder and upper limbs.

The project sessions were organised with sequential theoretical and practical sessions led by lecturers specialised in instructing in ad hoc exercises for protection of the main musculoskeletal functions. Among the main theoretical topics were tips on ergonomics, notions of biomechanics and posturology, and preventive measures in the workplace, with the practical parts comprising several hours of demonstration and practice, using exercise guide sheets. Wearing comfortable clothes and shoes, and using mats and elastic bands, the participants willingly joined in, evidently intrigued and involved, confirming greater enjoyment of the course than had been expected.

Although 2022 was characterised by an initial relaxation of Covid's restrictive measures, making it possible to resume in-person training activities to a greater extent, training was also delivered by relying on e-learning.

This method was used, for example, to provide privacy training for employees of the parent company who process sensitive data in the discharge of their duties and will be extended to all other group companies next year.

In addition, for some functions digital skills and language skills were expanded to a greater extent than the previous year, based on a trend that will be further developed in the coming years, considering, among other things, the positive feedback from learners.

Specific projects were designed for the enhancement of hard skills. For example, the Group HR Function participated in the "Diversa-Mente" scheme, a cycle of courses on measures issued by INAIL (national institute for insurance against accidents at work) for the re-employment of persons with work-related disabilities. The project, implemented by ENAIP NET, sets out to have employers and employees alike become increasingly aware of a shared culture about the safeguards laid down by law to ensure equal rights for disabled workers.

The modules making up the scheme addressed various topics, including the protection of disability within International Conventions and Italian and European regulations, occupational health and safety aspects and the criteria for the application of the regulations on the launch of tailored re-employment projects. The topics were dealt with by experts in the field of labour protection.

Another interesting project, started in 2022, to improve hard skills is the development of digital courses for some managers of the group with Avande School of Innovation, in conjunction with the company Avande.

**Avanade School of Innovation** (a joint venture between Accenture and Microsoft to provide innovative digital services) is a global, six-month programme involving companies and academics with the aim of building an international network to define the best approach to innovation and sustainability. A course designed for managers with sessions on open innovation, sustainability, growth mindset and more.

SOME C Group's participation in the programme will provide full insights into how the Group can evolve, in a whole range of fields, with a view to innovation. Participants will then act as a sounding board within their own areas in order to raise awareness and drive change. They will also benefit from exchanges with individuals having similar profiles, located anywhere in the world, who work for organisations engaging in a variety of fields, with real possibilities for improvement and knowledge gain.

Another activity implemented in 2022 was performance assessment, initially done in some companies of the group for certain high profiles. Reliance was made on two special forms pursuing different assessment objectives depending on the hierarchical level.

As mentioned, this purely assessment-related activity involved only a few companies, while the mapping of all skills was carried out on a full scale at all the Italian companies belonging to the Group. In some cases, e.g., at Oxin, managers were supported through individual coaching paths that allowed a General Manager to be identified. He was aided throughout the journey by an external coach to help him manage his employees. This effort proved to be extremely fruitful and it was decided to extend it to other group companies.

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Goals set for 2023:

- implementation of specific training on the 231 Compliance Programme in new companies adopting it
- implementation of privacy training in all group companies
- specific training on cybersecurity
- increasing implementation of training to improve digital skills and language skills
- extending individual coaching activities also in other companies of the group, as needed

Finally, concerning the 231 Compliance Programme, Somec is well-aware of the importance of respect for human rights. To this end, it adopted a specific group policy, as discussed in previous chapters, and extended the whistleblowing procedure to all group companies.

As a result of this, it should be noted that no cases of discrimination were found to have occurred in any of the Group companies in 2022.

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## PEOPLE AROUND US: THE LOCAL COMMUNITY

The commitment that Somec shows towards the well-being and retention of its people is also extended outside the Group. Over the years, Somec has continually proved to be attentive and receptive to the needs of local communities, undertaking to support and sponsor local initiatives where its subsidiaries are located. During 2022, the Group continued to support the usual initiatives and associations, but also extended its support to those focused on community aid. The parent company, Oxin and PizzaGroup maintain their focus on the sport landscape by providing sponsorship to Universo Treviso Basket, a basketball club in the city of Treviso that currently plays in the top division. The main objective of this sponsorship is to promote sport and encourage young people in the area to become engaged through the youth division of San Vendemiano basketball (Rucker Sanve).

Turning to charitable donations, in 2022 Somec renewed its support for the Telethon Foundation, a non-profit organisation that raises funds to finance and promote scientific research into genetic diseases and rare diseases affecting children.

The newly acquired Budri has also been long supporting – with donations – projects related to the care of young cancer patients in the Paediatric Oncohematology Department of the Policlinico di Modena. In this connection, it participates in the various initiatives undertaken by ASEOP, a paediatric oncology onlus, with the aim of providing assistance to children facing cancer and leukaemia conditions, aiding and helping their families both during and after their hospital stay.

***ASEOP** is a voluntary association, having legal personality, founded in Modena in 1988 on the initiative of a group of parents of children with oncohematological diseases. Specifically, this Association is involved in initiatives to support and help children and their families, with a focus on free hospitality at the “Casa di Fausta” and on providing support to those coming from distant parts of Italy and the world. It also offers a school care service to ensure school attendance during the in-patient period and afterwards, with emphasis on fun and the reintegration of young outpatients into society. It helps families with the discharge of formalities they would otherwise have to deal with themselves, as required by INPS (National Social Security Institute) and the relevant bodies under Law 104.*

*The Association supports the Paediatric Oncohematology Department of Azienda Ospedaliero-Universitaria Policlinico di Modena through structural and instrumental improvement endeavours, as well as by making scholarships and training programmes available for medical and nursing staff.*

*In addition, it supports research in paediatric Oncohematology, with special reference to the development of increasingly effective and innovative cell therapies to increase cure rates for the most difficult forms of cancer.*

Just like the previous year, maintaining the course already laid out, on the occasion of the 2022 Christmas festivities, Somec presented each Group employee with a gift package, the purchase of which also supported the **Fondazione di Comunità Sinistra Piave Onlus**, an NGO active in projects within municipalities on the left bank of the Piave river that are aimed at strengthening this fragile territory, through the actions of an aware and active community.

This same perspective gave rise to the initiative “Il Buono del Natale 2022”, in collaboration with the local associations **Oltre l'Indifferenza and Cooperativa Sociale I Tigli 2**, and within this, the projects “Panettone Solidale” and “Biscotto Solidale”, in support of local associations that promote activities involving disabled people, through activities from Thursday to Sunday evening, and to undertake the ‘dopo di noi’ (after us) pathway and to purchase aids and tools for disabled guests of ULSS2 day care centres. The “traditional Lazzaris mustard”, on the other hand, supports “Le Abili Bocce”, a social inclusion project that gives disabled athletes the opportunity to engage in sports endeavours.

**The Association “Oltre L'Indifferenza” (Overcoming Indifference)**, founded in 1998, offers educational and recreational opportunities for people with disabilities by engaging with the skills, autonomy, and self-determination of the individual person.

Since 2016 the association has been headquartered at Villa Alba in Fontanelle (Treviso): a private house surrounded by green space, free of architectural barriers and with ample day and night spaces. Oltre l'Indifferenza is an active part of InterAgendo, which brings together different educational and associative entities of the Treviso area for co-planning of residential and work services, in application of law 112/2016 on “After We Parents”.

**The TIGLI 2 Social Coop** is an NGO structured as a holistic economic, entrepreneurial and social system, enabling disadvantaged persons to develop employment and professions through social cooperation and work experience. The system overcomes the logic of welfarism, considering that work can help people acquire both economic security and skills, and thus help define and strengthen the individual's social identity.

TIGLI 2 takes an entrepreneurial approach to market areas, offering a multiplicity of services, with these in turn key to its growth and success.

#### **Le Abili Bocce Social inclusion project**

“Le Abili Bocce” is a social inclusion project supported by a network of local stakeholders such as the Bocciofila Saranese, La Nostra Famiglia di Mareno di Piave, Fondazione di Comunità and Luigi Lazzaris & Figlio srl.

“Le Abili Bocce” is also the bocce team made up of disabled athletes who are looked after by numerous volunteers and operators during training sessions at the Santa Lucia di Piave and San Vendemiano bocce ball courts. This initiative was launched in 2018 by Bocciofila Saranese, an established sports club in Santa Lucia di Piave, and Nostra Famiglia in Mareno di Piave, and is supported by the FIB, the Italian Bocce Federation. Following the positive experience and the results obtained in the sporting and social-relational sphere of the people involved in the “Le Abili Bocce 2018” project, the boys' team became a permanent project: it was included in the programme of educational activities of Nostra Famiglia in Mareno, thanks to the support of the long-established Conegliano company Lazzaris & Figlio srl, which grants FdC a contribution for each jar of Organic Jam sold, which the Foundation in turn donates to “Le Abili Bocce”.

In 2022, the subsidiary Fabbrica LLC also participated in the **Weekend Wheels Backpack Program**, supporting provision of free weekend meals to primary school children in fragile family circumstances, normally supported on weekdays by school canteens but on weekends without access to adequate food.

Another interesting initiative supported by Fabbrica LLC is **The Pan Mass**, a charity bike ride organised in Massachusetts USA on the first weekend of August, attracting cyclists and volunteers from all over the United States and other countries. The beneficiary of the fundraiser is the Dana-Farber Cancer Institute, a centre of excellence for cancer research and treatment, including paediatric cancers.

The company also supported **Big Brothers Big Sisters of America**, which gives young people a voice and ensures their future through mentoring activities. Fabbrica is committed to support for **Rebuilding Together NYC**, operating in maintenance of homes for the most deprived, while simultaneously contributing to training and professional re-employment in the construction industry, for people who have lost their jobs.

In 2022, Fabbrica engaged in a new project to support the local community, **ACES High Robotics Team**, by making a donation to a local high school to help it participate in the international robotics programme known as FIRST (For Inspiration and Recognition of Science and Technology).

The programme introduces high school students to various aspects, from design to production, including marketing, web design, animation and, of course, robot design, production and maintenance. In 2022, Fabbrica was also responsive to the war impact on the Ukrainian people, making donations to **World Central Kitchen** to support Ukrainian citizens and those affected by the war in the region. World Central Kitchen ensured that the population received daily hot and nutritious meals. Services were also expanded across the border to southern Poland, Romania, Moldova and other countries hosting refugees.

The other companies in the group have also contributed in various ways to supporting local communities, from the charitable projects of local non-profit associations to donations to specific organisations.

## RISKS RELATED TO PEOPLE AND COMMUNITY MANAGEMENT

The key risks identified by the Group associated with the relevant topics indicated by Legislative Decree no. 254/2016 are as follows:

Material topics	Identified risks	Risk management approach
<b>Human rights</b>	Somec is exposed to reputation risk in the event of discrimination or violations (real or alleged) committed by the workforce of universally recognised human rights and the principles of legality, transparency and fairness that the company aspires to. Data breach is also considered as part of the risks related to human rights from a personal data protection.	Somec HR management is based on the values of respect, equality and merit. All forms of discrimination are prohibited and all employees are afforded equal opportunity, without distinction. A group-wide Code of Ethics was adopted, while the whistleblowing procedure was extended to all companies. The 231 Compliance Programme has been adopted not only by the parent company and Oxin, but also by TSI, with its gradual extension to other companies being also in the pipeline. The parent company has implemented an organisational model to mitigate privacy risks.
<b>Employee welfare and well-being</b> <b>Staff training and education</b>	Somec is exposed to strategic risks related to the know-how of its employees who have gained specific expertise in relation to the highly engineered Somec products.	The Group recognises the expertise and know-how acquired by its employees and is committed to adopting retention measures aimed at maintaining and guaranteeing the well-being of its employees over time. The Group uses various initiatives to attract people with strong professional skills; to continuously increase and update their capacities, including through training and sharing of know-how; and finally, to keep them within the Group, thus reducing the turnover rate as much as possible. To increase employee retention, an incentive policy was recently introduced, featuring a fixed remuneration on a variable basis, a long-term variable component (to the beneficiaries of the LTI 2021-2025 plan) as well as non-monetary benefits. Plans are also being implemented to train younger staff with a view to developing "in-house" strategic profiles who can eventually make up for key people who leave the company or perform new tasks.
<b>Occupational health and safety</b>	These risks are related to the health and safety conditions at sites and offices and are mainly due to production, and installation and/or fitting activities.	The Group complies with regulations for the management of health and safety in the workplace (notably, the Company and its Italian subsidiaries comply with Legislative Decree 81/2008, as amended), while companies operating abroad are in compliance with local regulations. In 2022, the parent company obtained ISO45001 certification. The company recently (2021) published its occupational health and safety policy on its website, encouraging individual companies to comply with the principles set out therein while maintaining, for the time being, their own procedures and practices, as these have been established also based on the different local regulations of the countries in which they operate. For the companies based in Italy, safety risk assessment is managed through the involvement of the Head of Prevention and Protection Function (HPPF) as required by law.
<b>Industrial relations</b>	Without trade union agreements and solid industrial relations, the Group would be at risk of failing to meet the demands of its stakeholders, thus exposing itself to reputation risks.	Over the years, the Group has signed various trade union agreements, including second-level agreements, to guarantee the best possible working conditions for its employees and works consistently with trade unions in Italy.



Material topics	Identified risks	Risk management approach
<b>Diversity and equal opportunity</b>	Without a diversity policy the Group would be at risk of being ill-prepared to adapt to any current or future legislation or regulations.	Somec's personnel management is based on respect, equality, inclusiveness, merit empowerment and gender equality values. The Group strives to combat all forms of discrimination in the workplace by providing equal opportunities to all employees. This commitment has been further strengthened through the approval of a group-wide policy on human rights and the adoption of a group-wide Code of Ethics.
<b>Relationship with local communities</b>	<p>Risk associated with the adoption of transfer pricing and profit shifting strategies inconsistent with market principles and OECD rules</p> <p>Risk related to low and/or no attention and sensitivity towards local communities</p>	<p>Somec acts according to the values and principles set out in its Code of Ethics. These principles, which are at the heart of the company, are also the basis for responsible management of tax activities. The Somec Group also believes that the contribution from taxes paid is an important channel through which it can contribute to the social and economic development of the countries in which it operates. For this reason, Somec pays attention to tax compliance, acting responsibly in all jurisdictions where it has operations.</p> <p>Somec has always been attentive and responsive to the needs of local communities, committing itself to supporting and sponsoring initiatives that are linked to the area where its subsidiaries operate.</p>

Table 1 - The table provides a schema of the types of risk identified and the relative management methods.



# ENVIRONMENTAL PROTECTION

The concept of sustainability is by definition strictly related to the environment, respect thereof, an understanding of the impacts that human activity has on the environment and the consequent reduction of negative effects on the world we live in. Over the last few years in particular we have witnessed a veritable explosion of awareness of the concept of climate crisis, and a heartfelt and unexpected participation in the fight against climate change that has resulted in supranational organisations, institutions, as well as private companies and public opinion uniting in a single movement.

Somec is well aware of the context in which the factories of the Group companies operate, and shares this concern for the issue of climate change. As for the aspects relating to Human Resources discussed in the previous chapter, Somec Group - whose parent company has adopted ISO 14001 certification - also relies on ongoing coordination between its subsidiaries in order to manage environmental issues: the expansion of the Group as a result of our growth through acquisitions, a strategy that relies heavily on control of the reference sectors, Group companies rely on heterogeneous practices and procedures. The process of centralising the management of the company car fleet has been completed, while subsidiary Oxin has embarked on the path to ISO14001 certification, which it expects to obtain in 2023. The newly acquired Bluesteel, on the other hand, which had already been ISO14001 certified for some time, successfully obtained the renewal of its environmental certification at the end of the year.

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In 2022, subsidiary Fabbrica Works largely implemented its own environmental management system according to ISO14001, which has not yet been certified. The company has prepared the necessary system documentation, according to the standard, for environmental management in the workplace and shared it with the workers. It also monitors compliance with the procedures and instructions drawn up.

In 2021, a number of important policies were approved and issued group-wide, including an Environmental Policy and a Sustainability Policy. They set out to accelerate the process of unification and harmonisation, while leaving individual companies the possibility of achieving common objectives through their own specific procedures, sometimes required by the different contexts in which the companies operate.

The events that occurred in 2022, the continuation of the pandemic, albeit no longer in an emergency situation, but above all the outbreak of the Russian-Ukrainian conflict, with its known consequences in terms of energy supply problems, resulted in a slowdown in the unification process and hindered the achievement of the goals that had been set.

In particular, the Pizza Group's goals, originally planned for 2022 (reduction in the use of chemicals and review of workstation ergonomics) were postponed to subsequent years.

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## ENERGY EFFICIENCY AND MEASURES TO FIGHT CLIMATE CHANGE

In 2022, the Group updated its risk assessment document, duly supplemented with ESG risk analysis. This analysis also included, among the various risk profiles examined, the possible consequences arising from the energy crisis exacerbated by the Russian-Ukrainian conflict and the effects of climate change. However, it did not reveal significant impacts that could compromise the companies' assets and operations in the short/medium term. However, both energy and climate change were included among the material topics following the analysis conducted under the new GRI 3 Universal Standard.

Indeed, although Somec's business cannot be considered "energy intensive" compared to other more energy-intensive sectors, the Group continued to have a strong focus on global environmental issues. In 2022, the companies of the Somec Group took targeted actions based on the parent company's guidance to reduce energy consumption and, therefore, also greenhouse gas emissions, including for the purpose of ensuring compliance with Ministerial Decree No. 383 of 6 October 2022 - Heating Reduction. With regard to greenhouse gas emissions, a pilot project was launched in 2022 to create the GHG Scope 3 Emissions Inventory, limited to certain Group companies and covering FY 2021. It was published on the corporate website<sup>(13)</sup>.

It should be noted that in 2021 a number of concrete initiatives were carried out, most notably in the three companies engaging in the food industry (Primax, Pizza Group and Gico), to improve production processes. The underlying goal was twofold: (i) use a single high-performance laser cutting system capable of meeting the production needs of several companies within the group, and (ii) reduce energy consumption while allowing some obsolete machines to be decommissioned.

With a view to combating climate change as much as possible through tangible actions, special contracts have been signed for the supply of 100% certified green energy, with guarantees of origin, for the group's production companies with operations in Italy. The intention is to extend this practice as far as possible to new acquisitions, in line with the Group's sustainability policy.

In addition, the phase of gathering cost estimates from various suppliers got underway, the purpose being to consider installing photovoltaic systems at the following companies in the coming years: Somec S.p.A., Oxin, Pizza Group and Primax. At the date of reporting, estimates were being evaluated. At Skillmax, on the other hand, an energy efficiency programme was implemented in 2022 by installing LED lighting systems in offices. Moreover, the implementation of photovoltaic panels in the office building is planned for 2023.

Initiatives planned for the coming years :

- for some companies engaging in the cooking sector, a study began as early as 2021 to consider removing polystyrene used for packaging and replacing it with alternative recyclable material, such as cardboard. While this aspect will be covered in the Research and Development section, we can proudly say that this goal has been achieved at Inxtrend, Gico and Primax, where nylon has been replaced by cardboard and wood. Feasibility studies for alternative solutions are still ongoing at Pizza Group

Compared to 2021, the total energy consumed in 2022 increased by around 8.6%.

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(13) The GHG Scope 3 Emissions Inventory was prepared in line with the framework established by the GHG Protocol on the following categories: Purchased goods and services, Fuel and energy related activities, Waste generated in operations, Business travels, Employee commuting.

For 2022, consumption of LPG and methane gas – both used for heating and, to a lesser extent, for the testing of certain ovens by companies in the Professional Kitchens Systems and Products business unit – dropped by 6.5% and 7.2% year-on-year, respectively.

Diesel and petrol consumption related to the corporate fleet (vans, trucks and cars) reflects the development of the Group's business activities during 2022. Indeed, compared to the previous year, there were considerable increases due to the general increase in kilometres travelled and in the number of cars making up the subsidiaries' corporate fleets, as well as due to the inclusion of Budri and Bluesteel in the reporting scope.

Purchased electricity (17,439 GJ) increased by 16.2% compared to 2021 (15,013 GJ) due to the consolidation of consumption of the newly acquired Budri (approx. 2,304 GJ). On a like-for-like basis, comparison with 2021 was in line. It should also be noted that in 2022, compared to the baseline year 2021, the Group undertook energy saving initiatives, which led to a total electricity saving of 22,766 MJ, chiefly due to "revamping" and modernisation activities of production machinery at Budri, which was not included in last year's reporting scope, including specifically:

- a) replacement of compressed air compressor with a less energy-intensive machine (electricity saving 18,144 MJ)
- b) replacement of production machines with more efficient grinding machines (electricity saving 4,608 MJ)

Indicator 302-4 has been measured since financial year 2022 by relying on a methodology for calculating electrical energy saved compared to 2021 (baseline) based on the technical data of production machinery.

#### GRI 302-1 DISCLOSURE - ENERGY CONSUMPTION WITHIN THE ORGANISATION

	Source	2020		2021		2022	
		Litres	GJ	Litres	GJ	Litres	GJ
Fuel consumption of the company fleet	Diesel	124,982.12	4,497.26	123,756.35	4,471.81	170,689.44	6,156.02
	Petrol	2,975.22	97.64	15,744.00	521.48	34,151.36	1,131.25
	<b>Total</b>		<b>4,594.91</b>		<b>4,993.29</b>		<b>7,287.27</b>

A separate note should be dedicated to the virtuous practice of purchasing electricity from renewable sources following a supply agreement entered with Repower, which allowed certified renewable energy to be available effective January 2022. Indeed, in 2022 51% of the electricity purchased and consumed by the Group's companies was covered by Guarantees of Origin<sup>(14)</sup>, about three times as much as in 2021. These figures demonstrate the Group's focus on sourcing from renewable sources and confirm its commitment to this from one year to the next.

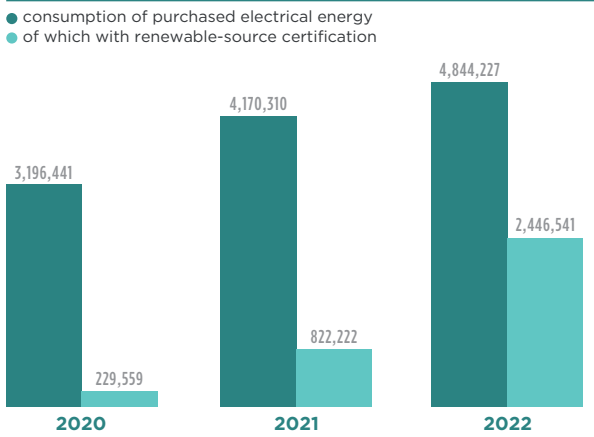
(14) The Guarantee of Origin (GO) is an electronic certification attesting to the renewable origin of the sources used by qualified plants. For each MWh of renewable electricity fed into the grid by qualified plants, the supplier will issue a GO certificate, in accordance with Directive 2009/28/EC.

Inoxtrend, a Group company that operates in the Professional cooking equipment segment, also consumes energy generated by the solar panels installed at its plant. Of the entire amount of energy generated, which in 2022 amounted to a total of 66,221 kWh, in line with the previous year's (66,195 kWh), Inoxtrend re-feeds (and consequently sells) 16.2% into the grid.

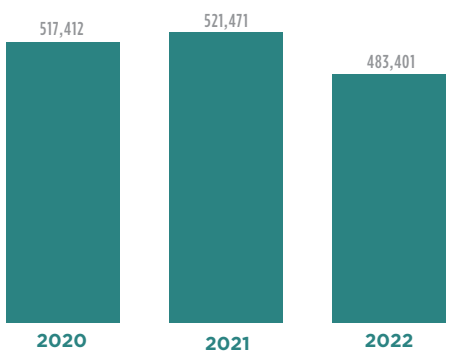
Interestingly, considering the share of electricity produced by the plants and the share covered by Guarantees of Origin, the company is proud to report that its annual consumption of clean, zero-impact energy totals 100%.

The newly acquired Budri, which has been part of the group since August 2022 and is part of the interior design and creation business unit, is also equipped with a new-generation 10 kW photovoltaic system. During 2022, the plant generated 15,330 kWh. The total electricity from photovoltaic systems produced in 2022 amounted to 81,551 kWh.

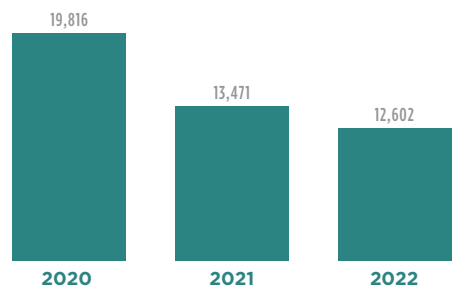
### ENERGY CONSUMPTION (kWh)



### NATURAL GAS (m³)



### LPG (litres)



## GRI 302-1 DISCLOSURE - ENERGY CONSUMPTION WITHIN THE ORGANISATION

	Source	2020	2021	2022
<b>Non-renewable energy consumption</b>	Natural gas	18,503.52	18,689.46	17,346.76
	LPG	481.78	327.87	306.70
<b>Indirect energy consumption</b>	Electricity purchased	11,507.19	15,013.12	17,439.22
	<i>of which from renewable sources</i>	<i>826.41</i>	<i>2,960.00</i>	<i>8,807.55</i>
<b>Energy generated</b>	Energy generation and consumption	178.26	191.90	255.07
<b>Total energy consumption</b>		<b>35,265.64</b>	<b>39,215.64</b>	<b>42,635.01</b>

Measurement unit: GJ

The emissions of greenhouse gases resulting from the Group's production operations are directly related to the issue of energy consumption. Emission trends therefore track those of fuel and electricity consumption - with few variations due to the update to emissions factors during the three years period. In particular, and as outlined in more detail in the Methodological Note in this report, the calculated emissions have been classified according to the categories of Scope 1 and Scope 2. The former includes direct emissions resulting from the activities of the company, or from machinery, equipment and vehicles owned - or similar; the latter includes indirect emissions resulting from the consumption of energy supplied by the grid. This second category is further divided into two parts, according to two different calculation methods: the location-based methodology takes into consideration a factor that reflects the energy mix of the country in which the energy consumption takes place; the market-based method reflects choice of energy source, and therefore, for example, takes into consideration the amount of electricity covered by GO.

<b>GRI 305-1, 2 DISCLOSURE - DIRECT GHG EMISSIONS (SCOPE 1) AND INDIRECT ENERGY EMISSIONS (SCOPE 2)</b>			
<b>Categories</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Diesel	335.9	334.8	460.7
Petrol	6.9	36.8	79.9
Natural gas	1,046.5	1,054.1	982
LPG	30.8	21.0	19.6
F-Gas - R410A	8.4	0.0	90.1
F-Gas - R407C	0	14.2	29.3
F-Gas - R427A	0	0.7	0
<b>Total Scope 1 emissions</b>	<b>1,428.5</b>	<b>1,461.6</b>	<b>1,661.6</b>
Electricity - Location based	1,120.9	1,370.3	1,582
Electricity - Market based	1,435.3	1,621.6	1,179.8
<b>Total Scope 1 + Scope 2 emissions location based</b>	<b>2,549.5</b>	<b>2,831.9</b>	<b>3,243.6</b>
<b>Total Scope 1 + Scope 2 emissions market based</b>	<b>2,863.9</b>	<b>3,083.2</b>	<b>2,841.3</b>

Measurement unit: tCO<sub>2</sub>e

In addition, Inoxtrend's and Budri's energy self-sufficiency allowed the Group to avoid emitting 37.23 tonnes of carbon dioxide into the atmosphere in 2022, helping to lower the Italian energy mix. This corresponds to a saving of almost 297,870 kilometres travelled in a medium-sized car.



## RESPONSIBLE CONSUMPTION OF RESOURCES

Somec is aware that environmental sustainability does not simply mean more efficient energy consumption and reducing greenhouse gas emissions, but in a broader sense it also means having a more harmonious relationship with nature. This means having a deep sense of responsibility in the use of the resources needed for the proper performance of the Group's activities, as well as in the management of the resulting impacts. The nature of the business of our subsidiaries is heavily linked to energy consumption, as already discussed in the previous paragraphs: therefore, there are no other areas of high environmental impact related to the use of resources. However, in order to provide the transparency with which the Group has committed to undertake its path towards sustainability, the Somec CNFS also includes information on the impact of its management of water resources, waste and polluting emissions.

The water consumption of the controlled companies is mainly for hygienic-sanitary use. The only exception is again Somec S.p.A., which uses small quantities in a closed circuit of the glass-grinding section of San Vendemiano production plant. The newly acquired Budri is also an exception, as it consumes water, in negligible quantities, for its own processes. Water is mainly drawn from utilities aqueducts (95% of total consumption in 2022), with the remainder coming from owned wells. As for 2021, water withdrawals from wells are directly attributable to PizzaGroup's consumption. Overall, water withdrawals increased by 3% compared to last year. All water withdrawn is fresh water and there are no withdrawals from areas subject to water stresses.

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### GRI 303-3 DISCLOSURE - WATER WITHDRAWAL

Source	2020	2021	2022
Withdrawal of groundwater (wells)	553	353	484
Total withdrawal from third parties (mains water supply)	7,974.7	8,711.6	8,830.1
<b>Total water withdrawals</b>	<b>8,527.7</b>	<b>9,064.6</b>	<b>9,314.1</b>

Measurement unit: m<sup>3</sup>

Waste management is carried out in full compliance with the regulations in force in all the countries in which the subsidiaries are located. Waste production is directly linked to the activities performed by the Group, and the quantities generated are monitored regularly, as required for annual reporting under European law or other applicable regulations.

Waste disposal is performed entirely by specialist third parties which contribute to the correct management of the materials. In particular, some of our aluminium and steel waste is resold and is thus reintroduced directly into the value cycle. Generally speaking, the waste generated by Somec and our waste management procedures ensure that the company does not have a significant impact on the environment: in fact, the amount of hazardous waste as a percentage of the total waste, at 0.5% in 2022 (0.4% in 2021, 0.5% in 2020) means that Somec – always in full compliance with the applicable laws – does not have to adopt special measures for waste management and disposal. It is worth noting the different types of waste produced by the various subsidiaries according to their activities. In principle, due to their being geared more towards production, the companies that are part of the “Engineered Systems for Naval Architecture and Building Façades” and “Professional Kitchen Systems and Products” business units generate waste such as aluminium, iron, steel and metals in general, in addition to glass used for production and wood for packaging.



The Bespoke Interiors business unit, on the other hand, engaging more in assembly, transit and storage tasks, has a higher generation of material for packaging (such as paper and cardboard, plastic, mixed packaging and wood) as a percentage of total waste generated.

In 2022, the waste category “Other” accounted for the largest share of disposed materials, covering approximately 38.4% of the total waste disposed of, in line with the previous year).

This category includes, but is not limited to, waste such as sludges, sealants, insulators, paints, batteries, powders and absorbent materials. As is the case with the other dimensions commented upon in this NFS, the year-over-year change was mainly due to the inclusion of Budri in the Group’s reporting scope and, consequently, the inclusion in the “Other” category of waste deriving from the sludge produced. Marble (14.7% of total waste disposed of) was also a new waste item compared to the previous year as it is connected to the production activity of the newly acquired Budri. Aluminium (13.6%) and wood (11.3%) are the next two categories, followed at a distance by glass (7.6%), mixed packaging (5.7%), iron and steel (3.8%), paper and cardboard (4.1%) and finally plastic (0.8%).

Overall, waste generation increased by 87% compared to 2021, for the reasons listed above.

<b>GRI 306-3 DISCLOSURE - WASTE GENERATED <sup>(15)</sup></b>			
<b>Waste category</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Paper and cardboard	176.15	143.05	116.86
Plastic	30.82	28.26	23.56
Wood	778.44	410.30	325.32
Mixed packaging	129.40	103.10	164.47
Aluminium	310.02	280.18	392.66
Iron and steel	142.76	278.65	109.26
Glass	294.46	152.95	219.95
Metals	138.13	3.22	0
Marble	0	0	422.76
Other	760.81	641.36	1,105.53
<b>Total</b>	<b>2,706.99</b>	<b>2,041.07</b>	<b>2,880.37</b>

Measurement unit: t

(15) The data related to the category “Other” were supplemented in 2022 with the quantities of undifferentiated waste, amounting to 462,709 kg, recorded by Fabbrica LLC. This addition was due to a honing in waste data collection methodologies. 2020 and 2021 comparative data were supplemented and restated (to the extent of 676,000 kg and 497,000 kg, respectively) in order to make them comparable with the new reporting boundary for 2022 data.



The Group's manufacturing activities also generate a minimal amount of polluting emissions: in particular, these include painting, welding and laser cutting. Extraction systems undergo regular checks, are in full compliance with the applicable regulations - and do not generate a significant impact in absolute terms. More specifically, the Group has fitted filtration systems in the stacks at the plants of companies that generate polluting emissions. This prevents dust and dangerous substances from being released into the air. Authorisation is generally granted to Somec Group by the competent Provincial authorities: given the low level of emissions, additional regular checks other than the those already performed in-house by the companies themselves are not usually required. In particular, the Province of Treviso requires that raw materials procured and transported to the individual production sites are monitored in order to estimate the amount of emissions generated by their usage.

The authorities later assess whether to perform additional specific checks by taking samples- which, in the few cases in which they have been taken, have not revealed any abnormalities, thus confirming that effectiveness of the Group's own monitoring system.

## ENVIRONMENTAL RISK MANAGEMENT

The key risks identified by the Group associated with the relevant topics indicated by Legislative Decree n. 254/2016 are as follows:

Material topics	Identified risks	Risk and impact management approach
<b>Energy efficiency and climate change</b>	<p>Without an adequate system to monitor and manage energy consumption, the Group would be unable to establish and implement any energy efficiency measures that could generate financial savings (missed opportunities) as well reduce its environmental impact (consumption of natural resources and GHG emissions).</p> <p>For the Group, greenhouse gas emissions are mainly the result of energy consumption. Given the growing international, European and national pressure in terms of this issue, in the event that new restrictions were introduced, without a plan to manage and reduce emissions, the Group would be exposed to compliance risk.</p> <p>Regarding physical risks related to climate change, the Somec Group has, to date, not identified any significant risks. With regard to transitional risks, one of the main risks to the group is increases in energy costs.</p>	<p>The Group's business model is non-energy intensive.</p> <p>The Group undertakes to adopt all the necessary measures to describe its energy system and consumption, and to identify any measures to improve its energy efficiency.</p>
<b>Waste management and circular economy</b>	<p>Without an adequate waste management and monitoring system the Group would be unable to properly supervise waste management, and would therefore be exposed to compliance risk.</p> <p>Furthermore, developments in European legislation may lead to significant changes in terms of waste management and disposal in the coming years: the risk is therefore that some Group companies, or the Group as a whole, would be non-compliant.</p>	<p>In compliance with current legislation, the Group's Italian companies prepare an annual waste report by type and disposal (MUD). In the coming years, the Group will evaluate the opportunity to have foreign subsidiaries adopt waste monitoring systems as well.</p> <p>The Group is also careful to assess, with due advance notice, changes in applicable regulations in order to act promptly to ensure compliance in waste management.</p>



# RESPONSIBLE MANAGEMENT OF PROCUREMENT PRACTICES

In order to conduct business efficiently and sustainably, while maintaining a lasting presence in its sectors throughout the world, Somec must manage the value chain responsibly - procurement practices in particular. All the more so, being able to count on a solid relationship with its suppliers against a particularly challenging backdrop like the one we are currently experiencing - first because of the pandemic emergency and then because of the conflict between Russia and Ukraine - ensures a constant supply of materials and third-party processing based on the highest quality standards.

The combination of both compliance with binding regulatory standards and an ability to meet client demands is the cornerstone of Somec's success. The Group conducts its daily business and sets out its long-term strategy with the customer as the focal point. Based on the input of their business partners, Somec and its subsidiaries develop the best customised solutions to meet the client's expectations and needs perfectly. Research and Development is key part of this process, above all in the design of the product, in the fields of marine architecture systems and civil facades, as well as in both marine and non-marine professional kitchen equipment. Somec designs and manufactures innovative glazed enclosures that guarantee achievement of the highest-level safety and durability requirements for products and materials exposed to great atmospheric and structural stress. The role of the product development engineers in the company is to meet the highest standards of performance required by the most demanding clients, in each case optimising executive projects for reduction in consumption of noble raw materials<sup>(16)</sup>.

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A special mention goes to the newly acquired Budri, which has invested and continues to invest heavily in R&D in terms of sustainability. The R&D Department is indeed very active on environmental issues such as eco-sustainability, biodegradability, recovery of waste materials, lightness, malleability and reuse of material, all such issues being viewed as increasingly important by the luxury and design industry, as their demand for the design and production of environmentally friendly products is strongly on the rise.

For this reason, Budri is patenting the SLIM Project. While its detailed characteristics are still extremely confidential, we can anticipate in this report that it will lead to the definition of eco-friendly products, with very interesting implications in terms of (i) raw material consumption (natural stone) - this being the real driver for sustainability, given the enormous positive impact in terms of less consumption and therefore less erosion of mountains, quarries, etc., and ensuing reduction in transport and excavation means - (ii) use of biodegradable adhesives, and ultimately (iii) product life and management of its disposal with a view to eco-sustainability.

January 2023 saw the implementation of both the patenting of the project with the filing of the logo covered by copyright and the application process in the various business areas, followed by a marketing campaign and open days for the official presentation of the System to the market.

The Somec group transforms different materials according to the segment: our tailor-made approach to customisation, with execution at the highest level of perfection, is essentially dependant on sourcing, selecting, negotiating, ordering and receiving materials, such as aluminium or glass, steel, wood, marble, etc.

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(16) There were no cases of non-compliance with laws and regulations during the reporting period.

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## SUPPLY CHAIN

Somec Group seeks relationships with its suppliers based on the values of integrity, transparency, legality, impartiality and prudence. Its large and diversified network of suppliers is managed on the basis of these values and relations with them are conducted on good terms in order to guarantee customers high quality tailor-made products.

The Group is also firmly committed to supporting the local industrial sector, and in fact the Group's suppliers are mostly Italian, and mainly located in the regions of Northern Italy. In 2022 72% of expenditures were earmarked for Italian suppliers, in line with 2021 (70%) and a slight increase compared to 2020 (60%).

Reliance on local suppliers proved to be a winning strategy to address the major issues that emerged in 2022, such as delays in the supply chain or the global shortage of raw materials due to the geopolitical crisis triggered by the Russian-Ukrainian conflict.

Business predictability of companies operating on a contract basis, which were able to stockpile core business materials such as aluminium and steel, coupled with the fact that we are not dependent on sources of supply in Asia (except for special goods such as electronic components), mitigated the damage caused by the pandemic on the Group's supply chain.

The strategy adopted proved successful again in 2022, to cope not only with the consequences of the war in Ukraine but also with the continuing closure of China due to Covid; the repercussions of these events for the Group (which has no relations with Russia or Russian-speaking countries) were mainly triggered by the soaring costs of energy and primary goods as well as logistical problems. For some Group companies, which use electronic components, rare earth elements and a few other goods from China, costs were significantly impacted.

In addition to the intensification of relations with nearby suppliers, which also continued in the reporting year, a process of synergistic standardisation of stainless-steel procurement for all food companies was begun in autumn 2021. This process achieves both greater bargaining power and higher product quality.

In general, in 2022, too, efforts were made to diversify the sources of supply, new suppliers were introduced, and preference was given to district proximity. As was the case last year for the food sector, 2022 saw the emergence of greater procurement synergies - for product sectors such as aluminium and glass - between the parent company and subsidiaries Fabbrica, Fabbrica Works and Bluesteel. Even though this is but a small step, as no corporate supply chain management is in place, the exchange of information is proving fruitful, despite the lack of a single group-wide CRM adopted by all companies. In this regard, it should be noted that the change of management originally planned in Gico in 2022 will be implemented in the course of 2023 in conjunction with the process review effort aimed at improving synergy across Functions.

A similar consideration can be made for the Group companies specialising in the creation of bespoke interiors, with Mestieri helping them interact with each other in such a way as to procure materials in a more consistent fashion than in the past.

Given the various specific requirements of the Group companies, the supply chain is managed according to business segment, with the ultimate aim of ensuring that supply processes are constantly subject to controls and restrictions that oblige suppliers to fulfil their contractual and legal obligations.

The Group has therefore opted not to adopt a "one-size-fits-all" policy to manage aspects relating to the selection and assessment of suppliers, but each individual Group company is committed to ensuring that each supply process takes into account the quality of the materials and services provided, in line with the values of the culture promoted by the Group. Furthermore, all companies, in accordance with the provisions of employment laws in force, undertake to ensure recruitment processes are in compliance with competition laws and based on the principles referred to in the Parent Company's Code of Ethics.

Nevertheless, in view of the parent company's desire to achieve as uniform a management system as possible in the future, the awareness-raising process is well underway not only with all group companies but also with their suppliers, in line with the sustainability path undertaken since 2020, the underlying purpose being to increase focus on environmental and social aspects in addition to product quality. As mentioned earlier, this is first and foremost a cultural journey, whose outreach will increase more and more over the next few years, gradually involving an ever-wider audience.

The parent company, for example, had in previous years already assessed its suppliers with respect to environmental criteria, as required by ISO 14001 certification. In 2021 the company also introduced social assessment criteria, and after the forced hiatus of the Covid emergency, resumed audits at suppliers' premises. These audits now devote greater consideration to occupational safety, and to further sensitising suppliers on the need for corrective actions for compliance with the standards requested by Somec.

In 2021, Somec has also begun raising awareness among long-standing suppliers through the vehicles of questionnaires and audits on health and safety, environmental and social issues. This activity continued in 2022, with more than 100 suppliers being assessed, including both incumbent and new players.

At the same time, other Group companies, starting with those certified ISO9001<sup>(17)</sup>, have been informed of the need to adopt similar criteria on supplier evaluation beginning in 2022.

Subsidiaries Oxin, Skillmax and TSI have embarked on a supplier assessment process adopting environmental and social criteria similar to those of the parent company, involving both new and long-standing suppliers, with a view to increasing awareness of increasingly important and topical issues.

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(17) ISO9001 certified companies include: Somec S.p.A., Oxin srl, TSI srl, Gico S.p.A., Skillmax srl, Fabbrica Works srl, Bluesteel srl.

## GOALS SET FOR 2023:

- increase synergy action within the 3 business units and across all companies, starting with common product groups, promoting data exchange and implementing, where possible, joint negotiations on strategic, current or prospective material suppliers
- in the Professional Kitchen Systems and Products business unit, synergy action is also driven by a function reorganisation endeavour, with the same strategic and operational guidance being extended to operations and procurement in GICO, PRIMAX, PIZZAGROUP and INOXTREND. With regard to SCM, the exchange of information and collaboration with OXIN is also increasing
- the rollout of the DAX ERP, planned at TSI and GICO in 2023, will be the first step in the design and application of management models, including for the supply chain. These models will be broken down into two areas: products and orders. This will allow us to work on the same platforms in these two macro-business areas, which define our group. Subsequent rollouts will enhance the beneficial effect and “transparency” on key operational areas
- in principle, in 2023 guidance will be provided to the three business units – primarily internally – on the management of factors of production and processing. This will be implemented by considering all the group plants, making them available to streamline the processes of individual legal entities. In addition to improving time to market, this action is intended to (i) reduce logistical flows, such as non-value-added movements of goods, (ii) further leverage the know-how of individual companies and (iii) increase reliance on proprietary assets, as opposed to resorting to third-party production channels

The supply chain management methods applicable to the different business segments of the Somec Group can be broken down, as mentioned previously, into the new tripartition:

- engineered systems for naval architecture and building façades
- professional kitchen systems and products
- design and production of bespoke interiors

The **Professional Kitchen Systems and Products**<sup>(18)</sup> segment only uses suppliers in the steel industry, precision mechanics, the insulation sector, the electromechanical and metalworking sectors, and the glass industry. Each company has its own specific requirements, e.g., Primax also obtains insulating foams from suppliers to make refrigerators, while Gico purchases finished products to be sold directly.

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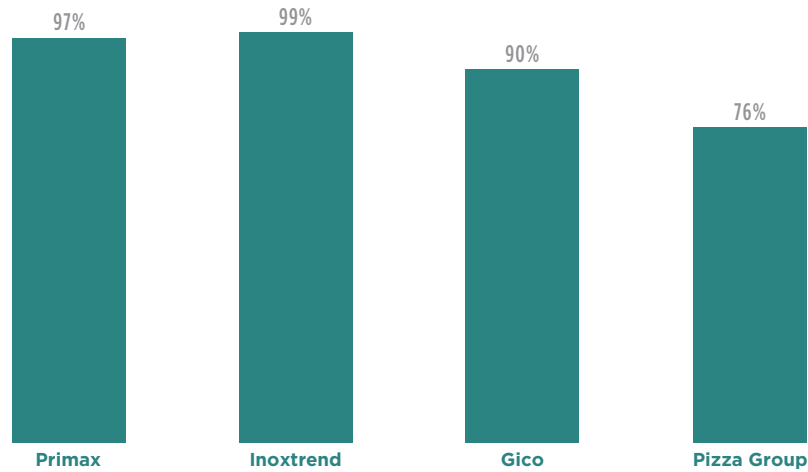
(18) This business segment includes the following subsidiaries: Oxin, Gico Primax, Inoxtrend and Pizza Group.



The suppliers for this business segment are mainly Italian, with 90% of expenditure going to local suppliers in 2022, up from last year's figure of 86%.

Following the acquisition of Pizza Group and Gico, the companies belonging to the relevant segment began a process of standardisation of the supply chain so as to be able to use the same suppliers, where possible, while continuing to support the local supply chain.

#### SPENDING ON LOCAL SUPPLIERS 2022



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With regard to the selection and qualification of suppliers, the situation did not change compared with previous years as far as Primax, Inoxtrend and Pizza Group are concerned: an initial screening is conducted on the basis of the supply history, the type of customers with whom the suppliers have already established a stable relationship, the company's organisational strength and geographical location. Once the terms of supply have been agreed, both companies request a sample from the supplier in order to establish quality standards and compliance with the technical specifications.

Supplier evaluations, on the other hand, are carried out continuously on the basis of delivery times, product quality and the supplier's ability to meet specific requests. Supply agreements may be terminated in the event of continuous or frequent delays and non-compliance. Whenever possible, visits are made to suppliers to check their organisation, cleanliness and condition of their equipment.

Gico and Oxin, both holding ISO9001 certification, manage the selection and assessment of their suppliers primarily on the basis of quality criteria. Both companies carry out regular audits to assess the quality of their suppliers. Effective 2022, both Oxin and Gico have embarked on an awareness-raising effort with their suppliers, including both long-standing and new firms, regarding the sustainability policy adopted by the Group and have begun to carry out assessments based on both environmental and social criteria. In particular, in 2022 Oxin assessed a total of 60 suppliers according to the new methodology. The company is currently aiming at obtaining ISO14001 environmental certification



In addition, Oxin allocated 44% of its expenditure to local suppliers based in Veneto and Friuli-Venezia Giulia (compared to 36% in the previous year), Primax 80%, Inoxtrend 67%, Gico 43% and Pizza Group 40%.

**Mestieri - Design and Production of Bespoke Interiors<sup>(19)</sup>** business unit relies on a very diverse supplier base. This is due to the need to procure a wide and varied range of materials, ranging from raw materials such as paints, marble, metals and glass to finished goods such as fabrics. Moreover, reliance is made upon craft firms for the production of customised products for different product groups such as furniture, walls, ceilings, flooring and decorative lighting; and on labour suppliers for installation activities, such as painters, electricians, decorators, carpenters, wood workers. The majority of suppliers are based locally, in line with Group policy practice of preferring suppliers from the local textile industry (Skillmax 100% and TSI 80%).

Skillmax and TSI have adopted policies and procedures for the selection and assessment of suppliers according to quality management criteria in compliance with ISO 9001 certification. In Skillmax the results of the supplier assessment and qualification process are recorded in a database to determine the suitability of the chosen supplier. Suppliers are chosen based on quality requirements and those deemed suitable are included on the official list of qualified suppliers. In 2022, both companies seized the opportunity to supplement their qualification processes with assessment-related aspects according to environmental and social criteria, in line with the policies adopted by the parent company, also involving long-established or at any rate most used suppliers.

Finally, as regards the **Engineering systems for naval architecture and building façades** segment, Fabbrica LLC suppliers are located throughout the globe. The most significant suppliers provide glass and aluminium, located in Germany and Italy respectively, while suppliers of wood for packaging are located in the United States.

As mentioned, during 2022 new synergies were deployed between the companies belonging to this BU, whose core business is mainly related to product categories such as aluminium and glass, as well as dealings with local subcontractors and, for installation activities only, subcontracted suppliers.

Somec S.p.A. has long since adopted an ISO9001 certified quality management system that allows all supply characteristics to be applied by suppliers to be mapped. The management system also makes it possible to define selection, qualification and assessment criteria and to carry out audits for quality control on a regular basis. The supplier selection process consists of two parts: (i) screening, where information gathered will be used to make an initial assessment in terms of economic soundness and production capacity, and (ii) supplier management, from selection to final delivery of products.

The information gathered focuses on product quality-related issues. The qualification procedure of the parent company Somec S.p.A. also extends to environmental and health and safety aspects, such as the adoption of certifications: characteristics relating to ISO-14001, ISO-45001 and MOG-231 compliance are considered.

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(19) This business unit comprises the following companies: TSI, Hysea, Skillmax, Skillbuild, Budri, Lamparredo.



The adoption of environmental, social or safety certifications by suppliers is considered a preferential requirement and results in a higher score being awarded to the supplier during its evaluation.

The companies in this segment, with the sole exception of Fabbrica, mainly source their supplies from Italian suppliers for geographical reasons, in line with group-wide practice. Specifically, Somec S.p.A.'s allocation was around 89% for both years in 2022, a percentage in line with 2021 (90%) and up from 2020, where the percentage spent on local suppliers stood at 75%. It should be noted that Somec S.p.A.'s percentage of procurement from suppliers in the Triveneto region reached 56% in 2022.

When selecting labour providers, drawing from a large number of suppliers, the Group ensures that they are in compliance with regulations in terms of pension and social security contributions, contracts and insurance, as well as occupational health and safety procedures. Compliance with the above requirements is mandatory and also required from the Italian and foreign clients that place the order.

### Reference standards and certifications

- **IMO/MED:** certification refers to products with flame-resistant characteristics and concerns materials to be embarked, according to procedures established by the International Maritime Organisation (IMO) or European Union (MED Directive 2014/90/EU)
- **USPHS:** of particular interest to the Marine Cooking Equipment segment, the standards concern the healthiness and properties of surfaces and materials in potential contact with food
- **MOCA e FCM:** standards referring to all manufacturers of materials and objects that come into contact with food, applicable to the Cooking segments and in certification processes for the most recently acquired companies
- **FGAS:** certification under European legislation aimed at decisive reductions in the Fluorinated-Gas limits applicable in the market, regulating their use and promoting a more sustainable approach to refrigeration systems
- **UKCA:** In the UK, replaces CE certification following Brexit
- **SASO:** certificate of conformity of goods to Saudi Arabian and African market standards and safety regulations

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## CHOICE OF MATERIALS: BETWEEN INNOVATION AND RESPONSIBILITY

The Somec Group works daily to develop innovative products capable of delivering aesthetic solutions and know-how to meet its customers' demands while improving technical capabilities with a view to gaining a stronger leadership in the three business segments.

The complexity of the Group's business requires high quality standards and compliance with technical regulations at every stage of the production process. It is no coincidence that the quality of the product is built step by step during every single stage of the process and each individual, whether internal or external, must therefore abide by the rules, regulations and standards on which the Group's business is based. The choice of materials is one of the most important steps in guaranteeing high quality products to customers. In the companies that work to order, in many cases the choice of materials is linked with both the customer's specifications and the standards.

The strength of the individual Group companies is their ability apply their know-how and experience, gained over many years, in service of the customer, each for their own sectors of competence. In this way, thanks to their design offices, the companies propose tailor-made solutions capable of intervening with products that ensure the inherent materials are always compatible and performance-optimised in respect to the customer's specifications and the standards in force.

For example, next year the parent company plans to develop a new product specifically to meet US disability regulations.

Notably, Somec Navale intends to launch its proprietary-design motorised sliding door frame complying with the requirements of ADA, from both a size and functional perspective.

*The Americans with Disabilities Act ("ADA") is a 1990 US law that prohibits discrimination against individuals with disabilities in all areas of public life, including employment, schools, transportation, and all public and private places open to the general public.*

Providing training for the design and R&D Department on topics of specific interest is also in the pipeline for 2023. Training can be delivered by R&D/Engineering managers, with contributions from universities, HR Function, business partners. This training may include either structured classroom training or organised visits and trips to business partners – directly in a more operational context – to gain better skills on very specific topics.

Regarding product innovation, 2022 proved a challenging year for the procurement of certain components in relation to the cooking equipment sector, which made it unavoidable to use certain materials, especially electronic components, such that improvement in consumption was negligible, despite continuous research endeavours.

Nevertheless, there were positive, across-the-board developments on all lines of both oven production (Inoxtrend and Primax) and refrigerated cabinet production (Primax) with regard to the performance of all tests required in order to verify the level of insulation and energy efficiency. This activity is currently carried out internally.

At Primax, where production lines underwent thorough overhauling in 2021, giving priority to the production of items in the “cold” sector, the system for the use of green gas R-290 in the manufacturing of refrigerated cabinets, refrigerated tables and refrigerated counters<sup>(20)</sup> was completed and will be progressively installed in all new equipment. We would like to point out that from the range of permitted gases our company opted for the one having the lowest environmental impact – exceeding by far the performance required by the standards – acting ahead of regulatory obligations.

The refrigerant gases are chosen on the basis of both theoretical study and internal tests, carried out to assess performance and consumption.

New products were also developed in 2022: Primax recently presented at Sigep the new line of 700 litre and 1400 litre refrigerated cabinets for cooking, featuring both positive and negative temperatures.

In addition, the new range of refrigerated cooking tables was presented. Primax also presented the customised Gico line to complement the modular H+ line and the monoblocs with customised refrigerated tops.

Pizza Group worked on the energy efficiency of high-end ovens, favouring the use of quartz burners and carbon insulators that allow temperatures of up to 150° to be abated.

At Gico, an energy efficiency optimisation process is underway, particularly for induction hobs and all electrical equipment, which will be completed in the coming years.

Regarding the use of green materials – again in relation to the kitchen product segment – there has been a shift from fibre-ceramic insulation to glass-ceramic insulation, which contains a percentage of recycled material. This is the most significant change, given that kitchen equipment is mainly made of steel and glass, materials that are themselves totally recyclable.

At Oxin, the user manuals of all products are being revised, in line with the product standardisation goal that has been pursued since last year.

A major effort to revise the user manuals for historical products and draft new manuals for newer products was also undertaken at Pizza Group, due to the need to provide more direct service to customers and to fill gaps resulting from the change in processes seen in recent years.

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(20) The gas under review is R-290 and the reference regulation is F-Gas Regulation 517/2014.

**Primax at the 44th SIGEP, The Dolce World Expo.**

*SIGEP is the world's major professional event dedicated to Artisan Gelato and the Art of Dessert and catering in general, being acknowledged for over 40 years as the reference point for innovations in the whole industry.*

*A historical exhibition for the catering industry, it provides a complete overview of all new market developments, including raw materials, machinery, furniture, packaging and services. Innovations and trends are showcased at this international event, where prestigious contests between ice-cream and pastry-making craftsmen are held. At the event, held from 21 to 25 January 2023, Primax presented the new range of professional refrigeration solutions developed during the reporting year.*

*Each piece of equipment was designed in collaboration with chefs and food operators. Every construction choice, including materials, design and technology, was made having in mind the needs of those who spend considerable time in professional kitchens on a day-to-day basis.*

**Refrigerated Cabinets**

*They preserve food and maintain its original characteristics by regulating temperature and ventilation. They are available in 700 l and 1400 l versions, with blind or glass door, positive or negative temperature. They are made entirely of 0.8 mm thick stainless steel for extraordinary robustness and guaranteed hygiene. The R290 refrigerant gas ensures the best environmentally friendly performance. The ceiling installation allows for less heat loss. The hot gas defrosting function keeps performance high while reducing manual operation. Magnetic 3-chamber gaskets with high adhesion limit heat loss and enhance energy savings. Climate class 5 guarantees high performance even when the environment reaches temperatures of up to 40 °C and 50% humidity.*

**Refrigerated Deli Tables**

*Refrigerated tables are designed to make the most of space in the kitchen.*

*They offer a sturdy work surface, while foodstuffs are safely stored in compartments and drawers, always within easy reach. Primax refrigerated tables are fully customisable, available from one to four compartments, including in a built-in version.*

*For customised space and operational management. The R290 refrigerant gas ensures the best environmentally friendly performance. The temperature is uniform inside all compartments, also thanks to the customised air circulation system.*

*The hot gas defrosting function keeps performance high while reducing manual operation. Energy saving is driven by 60 mm thick insulation and magnetically locking doors.*

The products already on the market are certified, safe for the end user and guarantee ease of cleaning; Pizza Group has since 2022 started a certification process directly in the USA for products destined for the American market (US and Canada). Some certifications have already been obtained, other products are being verified, such as the Dragon tunnel oven, Pyralis HP and Power Deck.

The entire certification process will be carried out in the US.



**New line of Pizza Group ovens for the American Market**

*The Pyralis HP oven line featuring an innovative design is fitted with Activestone high-performance technology for even greater thermal efficiency.*

*The Activestone system has a high thermal efficiency that reduces heating times by up to 50%, total energy consumption by up to 25% and cooking times by up to 25%. Activestone technology incorporates heating elements within the refractory stone, which is produced using a mixture standing out for its excellent resistance to thermal shock and high load capacity. The refractory stone cooking surface ensures crispier and longer-lasting results. It is also possible to cook any product directly on the stone without the need for baking pans or frying pans.*

*The Power Deck line of ovens is perfect for cooking several products at the same time, thanks to its flexibility in managing parameters and functions.*

*This line also features Activestone technology for outstanding thermal performance with reduced heating times. Power Deck ovens have the capacity to bake up to nine 13"-diameter pizzas per baking chamber. They also reach a maximum temperature of 840 °F (450 °C) in a short time.*

*They are fitted with one, two or three baking chambers, each with a thermally insulated door, double reflective glass and two interior lights. Industrial control ensures maximum temperature stability and low power consumption, 20% less than a conventional control system. The industrial-grade touch screen with integrated timer is convenient, user-friendly and programmable at a touch.*

While Primax products are not subject to certification, the company had some of its products tested by an independent body to assess their energy performance. The test, which is only valid as self-certification, established that all the new products fall in energy class "A" thanks to the technical solutions adopted in recent years, namely new insulation and R-290 gas.

Gico continued to MOCA-certify both catalogue and customised products in 2022.

This certification includes the material used, the manufacturing process and storage at the warehouse.

In 2022, the company also completed the SASO certification process for all gas products bound for the African and Saudi Arabian markets, as well as the UKCA certification process for gas products intended for the UK.

*The UKCA (UK Conformity Assessed) marking is the new regulation for mandatory product certification in the UK replacing the CE marking after UK's exit from the European Union. It was established under the UK version of Regulation EU 756/2008 on market accreditation and surveillance with the purpose of certifying the safety of goods placed on Great Britain's market.*

*As of 1 January 2022, companies wishing to place goods on the UK market are required to apply the UKCA marking regulations for their products.*

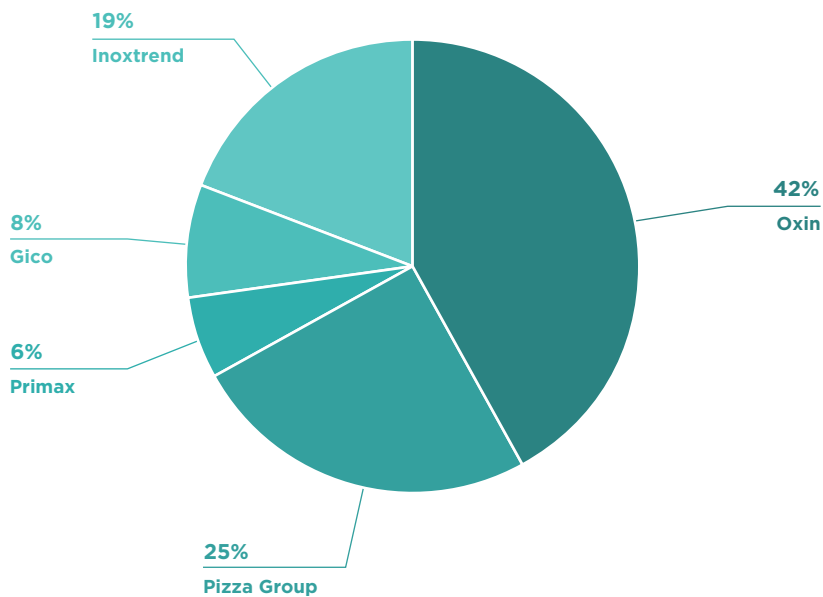
Among the goals set in 2021 for the next few years involving the R&D Department in the food sector is the plan to replace polystyrene packaging with a different, more sustainable type of material, such as cardboard. In 2022, this plan was carried through for a number of companies, as nylon packaging was replaced with cardboard and wood wherever possible at Inoxtrend, Gico and Primax. At Pizza Group, such a drastic change cannot yet be implemented for all shipments, but the R&D Department is working on alternative solutions.

Looking forward, we have set ourselves two main objectives: (i) drive energy efficiency of the systems in both the heating and cooling sector; and (ii) increase thermal efficiency, again in both sectors, by relying on a software/hardware system that allows consumption to be monitored and several machines to be used simultaneously. This software is under continuous development and is planned to be used across Gico and Oxin systems.

The goal set in 2021 for cross-product design is yet to be fully achieved. However, important synergies are in place between the group companies while data sharing has increased. We would like to point out here that in 2022 no cases of non-compliance were reported in relation to the health and safety of end consumers/customers in any of the Group's companies.

The main materials purchased by Group companies include stainless steel, aluminium, glass, paint, electrical components (such as electrical cables), wood and cardboard for packaging. Companies engaging in the **Professional Kitchen Systems and Products segment** mainly purchase stainless steel, one of the most durable and fully recyclable building materials. Following is a breakdown of the tonnes of stainless steel purchased in 2022 by companies in this business segment: 42% Oxin S.r.l., 25% Pizza Group, 19% Inoxtrend, 8% Gico and 6% Primax.

**% OF STAINLESS STEEL PURCHASED IN 2022**



With regard to the **Engineered systems for naval architecture and building façades** business segment, the main materials purchased were aluminium and glass.

With specific reference to aluminium, in FY2022 Somec S.p.A and Fabbrica purchased 46.5% and 53.1%, respectively, of the total purchased group-wide.

Finally, the Group companies operating in the **Design and production of bespoke interiors** sector purchase noble materials of various kinds. These are worked with combinations of craftsmanship and cutting-edge techniques, thereby guaranteeing each customer the development of highly personalised solutions. These are sophisticated creations, encapsulating the perfect combinations of ingenuity and perfection. The main raw materials used include metals, wood and glass, as well as products such as fabrics, paints, lighting elements, etc.

The Somec Group business model is therefore centred on the choice of materials and suppliers, then care in all stages of the project cycle, whether in-house or external, maintaining control over the order and ensuring the provision of safe, high-quality products to the customers. The pre-sales and design phases are therefore fundamental for development of the specific project design, the choice of elements composing each order, and the programming and executive customisation. Here, with its vast experience, Somec plays a uniquely fundamental role in establishing the meeting point among all the project stakeholders, chief among these the architects, clients and general contractors.

The following table shows the purchase figures for the main raw and packaging materials for certain Group companies<sup>(21)</sup>, with reference to 2022:

Raw materials (natural resources used to produce goods or deliver services, such as minerals or wood)	Renewable	2022
Metals	YES	8,858.3
Glass <sup>(22)</sup>	YES	2,814.5
Wood	YES	74.9
<b>Total</b>		<b>11,747.7</b>

Packaging materials, including paper, cardboard and plastic	Renewable	2022
Wood	YES	680.6
Cardboard	YES	101.6
Nylon/pe	YES	89.6
Polystyrene	YES	11.5
Plastic <sup>(23)</sup>	YES	465.4
<b>Total</b>		<b>1,348.7</b>

Measurement unit: t

(21) The companies included in the GRI 301-1 reporting are: Gico, Oxin, PizzaGroup, Primax, Skillmax, Somec, Fabbrica, Inoxtrend and TSI.

(22) Data are not available for Inoxtrend.

(23) Data are not available for Inoxtrend.



## RAW MATERIAL AND SUPPLY CHAIN MANAGEMENT-RELATED RISK

The key risks identified by the Group associated with the relevant topics indicated by Legislative Decree 254/2016 are as follows:

Material topics	Identified risks	Risk and impact management approach
<b>Consumption of raw materials</b>	Any reduction in the availability of certain raw materials or a potential increase in demand, with a consequent increase in the price of materials, could create supply difficulties for the Group in the medium term, thus leading to an increase in the cost of purchasing the raw materials and/or to use substitute materials with different life cycles and more impactful from an environmental and social point of view.	The Group strictly observes national and international regulations on the procurement, import and export of raw materials. The business model allows procurement strategies and activities to be planned well in advance, reducing the risk of material shortages and backlogs. The Group also continues the strategy of sourcing from the local supply chain.
<b>Sustainable supply chain management</b>	Supplier violation of the principles on which the Group is based. Given Somec's strict observation of the principles of legality, transparency and fairness, should a supplier commit a violation and / or an offence according to Legislative Decree 231/2001, the company could be exposed to reputation risk.  Failure to carry out adequate assessments of potential suppliers and failure to monitor compliance with environmental and social regulations.	Somec S.p.A requires its suppliers to comply with the principles enshrined in the Code of Ethics, as an essential condition for establishing a professional relationship. In addition, the company is committed to extending the adoption of Model 231 to the other Group companies. After Oxin, TSI's MOG 231 was approved in 2022 and other companies will follow in the coming years.  With regard to the monitoring of suppliers, a process is underway to raise their awareness of environmental and social aspects through questionnaires and targeted audits.
<b>Product safety and innovation</b>	Violation of product health and safety regulations and potential noncompliance with quality standards of the order.  Manufacturing of products using materials that are incompatible with environmental protection.	Somec Group complies with national and international regulations in order to consistently guarantee high quality and safety standards (for example: IMO/ MED; USPHS; MOCA; FGAS; etc.). The company monitors any non-compliance with the health and safety standards of the products it supplies to its customers.  The Group ensures compliance with national and international environmental regulations to minimise and limit the negative impacts of the materials used as much as possible.



# METHODOLOGICAL NOTE

the disclosure of non-financial information by large organisations and public interest entities. This report aims to provide an understanding of the organisational model, business, main risks and performance indicators of the Group in relation to environmental, social, human resources, respect for human rights and anti-corruption measures that are relevant to the business and characteristics of the company. Furthermore, the Group applies the precautionary principle in all its activities.

The Board of Directors of Somec S.p.A., which is responsible for reviewing the information disclosed in the NFS, including material topics, approved this Consolidated Non-Financial Statement on 22 March 2022.

## REPORTING PROCESS

The analysis methodology by which Somec S.p.A. identifies and assesses ESG material topics was aligned with the new GRI Standard 3 - Material Topics 2021.

The analysis of material topics was carried out starting with the Group Risk Assessment 2022, which included the assessment of ESG-type risks by awarding a rating that was taken into account to assess the impacts from an outside-in perspective. Subsequently, this analysis was broadened to take into account the inside-out perspective, i.e., Somec Group's business impacts on the environment, people and stakeholders in general. Somec assessed the significance of the impacts that were identified to prioritise them and identify which related ESG topics were to be considered as "material". Reference should be made to the "Sustainability at Somec" section for further information on the methodology used to identify and assess material topics.

The process for reporting quantitative and qualitative information is based on a system of data collection and information on material topics. In this respect, a number of reporting forms are sent to individual group companies according to the scope defined for each GRI indicator. Specific guidance, sent to subsidiaries by the Working Group established at the parent company Somec S.p.A., helps make the data collection process more accurate, reliable and consistent. Information that is not managed through reporting forms is gathered through direct involvement of the Group's stakeholders by conducting interviews and using questionnaires, where useful.

## REPORTING STANDARD AND SCOPE

The reporting standards adopted by the Group for the preparation of its NFS are the GRI Sustainability Reporting Standards, published by the GRI - Global Reporting Initiative and updated as at June 2021. The update mainly concerned three Universal Standards that were applied by Somec for the preparation of the Consolidated Non-Financial Statement 2022:

- **GRI 1 Foundation 2021:** requirements and principles for using GRI standards (replacing GRI 101:2016)
- **GRI 2 General Disclosures 2021:** disclosures about the reporting organisation (replacing GRI 102:2016)
- **GRI 3 Material Topics 2021:** disclosures and guidance about the organisation's material topics (replacing GRI 103:2016)

The reporting boundary, consistent with the requirements of Legislative Decree 254/2016, was expanded to include the new companies acquired during financial year 2022, with some exclusions, as shown in the following table:

<b>SCOPE OF REPORTING Legislative Decree 254/2016</b>					
<b>Company</b>	<b>Environment</b>	<b>Human Resources</b>	<b>Social</b>	<b>Fight against Corruption</b>	<b>Human Rights</b>
Atelier De Façades Inc - Montréal	No	Yes	No	Yes	Yes
Bluesteel S.r.l.	Yes	Yes	Yes	Yes	Yes
Bluesteel Group UK Ltd	No	No	No	No	No
Bluesteel Group USA Inc.	No	No	No	No	No
Budri S.r.l.	Yes	Yes	Yes	Yes	Yes
Budri Switzerland SA	No	No	No	No	No
Budri London Ltd	No	No	No	No	No
Fabbrica LLC	Yes	Yes	Yes	Yes	Yes
Fabbrica Works S.r.l.	Yes	Yes	Yes	Yes	Yes
GICO S.p.A.	Yes	Yes	Yes	Yes	Yes
Hysea S.r.l.	No	Yes	No	Yes	Yes
Inoxtrend S.r.l.	Yes	Yes	Yes	Yes	Yes
Lamp Arredo S.r.l.	No	No	No	No	No
Mestieri S.r.l.	No	No	No	No	No
Mestieri USA Inc.	No	No	No	No	No
Navaltech LLC	No	Yes	No	Yes	Yes
Oxin S.r.l.	Yes	Yes	Yes	Yes	Yes
3.O Partners USA Inc	No	No	No	No	No
Primax S.r.l.	Yes	Yes	Yes	Yes	Yes
Pizza Group S.r.l.	Yes	Yes	Yes	Yes	Yes
Pizza Group USA LLC	No	No	No	No	No
Somec Sintesi S.r.l.	No	Yes	No	Yes	Yes
Skillbuild S.r.l.	No	Yes	No	Yes	Yes
Skillmax S.r.l.	Yes	Yes	Yes	Yes	Yes
Somec S.p.A.	Yes	Yes	Yes	Yes	Yes
Sotrade Sro	No	Yes	No	Yes	Yes
Somec Shanghai CO. LTD	No	Yes	No	Yes	Yes
Total Solution Interiors S.r.l.	Yes	Yes	Yes	Yes	Yes
Total Solution Interiors LLC	No	No	No	Yes	No
Squadra S.r.l. <sup>(24)</sup>	Yes	Yes	Yes	Yes	Yes

(24) It should be stressed that - for the sake of completeness - Squadra S.r.l. was included 100% within the reporting scope, even though the company was not fully consolidated.



Below are the reasons explaining why certain companies were excluded from the reporting scope of this NFS:

- Bluesteel Group UK Ltd, Bluesteel Group USA Inc., Budri Switzerland SA, Budri London Ltd, and Mestieri USA Inc. were excluded on the grounds that these companies have no employees and do not engage in production activities. They host commercial offices
- 3.0 Partners Inc. was excluded on the grounds that this company has no employees and does not engage in production activities. It is a holding company
- Mestieri S.r.l. was excluded on the grounds that this company does not engage in production activities, it is a holding company
- Pizza Group USA LLC was excluded on the grounds that the company does not engage in production activities. It hosts a commercial office and has one employee
- Lamp Arredo S.r.l. was excluded insofar as it qualified as a newly acquired company in the second half of 2022
- TSI Inc's disclosures pertained only to the anti-corruption part, as it is an administrative company with less than five employees and only one office. Given the insignificant social and environmental impacts, it was decided not to include it in the non-financial reporting

Furthermore, it should be noted, as shown in the table above, that for Navaltech LLC, Sotrade Sro, Atelier de Façades Montréal, Skillbuild Srl, Somec Sintesi S.r.l. (data already collected by Somec S.p.A.) and Somec Shanghai CO. LTD (such companies not owning manufacturing physical assets), it was decided not to report on environmental aspects, as there are no significant impacts in this respect.

It should also be noted that waste data are related to the Group's production activities, as office waste accounts for a less significant and impactful share. In any case, the Group will adopt a consistent monitoring or estimation system in the coming years to disclose these data as well at a consolidated level. Finally, as far as pollutant emissions are concerned, the interviews conducted revealed that all pollutant emissions from welding and painting activities are not particularly relevant at a consolidated level, while emission values are constantly monitored and always below the thresholds required by legislation.

The disclosures and data reflected in this consolidated non-financial statement refer to reporting year 2022. For the sake of clarity, the "Area Reconciliation Table under Legislative Decree 254 - Material Topics - GRI Topic" shows the relevant non-financial aspects pertaining to the areas set out in Legislative Decree 254/2016, the relevant scope and any limitations thereof.

Somec prepared the Consolidated Non-financial Statement 2022 in accordance with the GRI Standards by complying with the compliance requirements set out in GRI Universal Standard 1.

## STAKEHOLDERS' INVOLVEMENT

Somec has always involved its stakeholders through various communication channels and different ways of engagement. The main ones are represented below:

Stakeholder	Means of involvement
<b>Regions and their populations</b>	Events, social networking, fairs
<b>Unions and category associations</b>	Continuous dialogue, meetings
<b>Shareholders</b>	Periodic formal meetings, periodic management reports
<b>Financial institutions and intermediaries</b>	Formal meeting and management reports
<b>Public administrations and certification and control authorities</b>	Formal meetings and periodic interactions
<b>Employees</b>	Continuous dialogue via the HR department and employees; specific initiatives
<b>Suppliers</b>	Continuous dialogue and periodic meetings
<b>Customers</b>	Website, social networking, events, customer service, fairs

The Board of Directors periodically obtains information on the outcome of the dialogue with stakeholders and makes reliance on such information to guide the approval processes for Group strategies, sustainability policies, and the formalisation of Somec's vision, mission and values statements.

In addition, the Board of Directors approves the Group Risk Analysis document every two years, the purpose also being to identify and manage the organisation's impacts on the economy, environment and people. In 2022, the group-wide risk assessment document was updated and supplemented with the identification and assessment of ESG (Environmental, Social & Governance) risks.

This document was also used to conduct the analysis of impacts on the economy, the environment and people and material topics according to GRI Universal Standard 3.

## CALCULATION METHODS

We applied the following calculation methods:

- **The death rate resulting from injuries in the workplace**  
is the ratio of the total number of deaths resulting from injuries in the workplace to the total number of hours worked, multiplied by 200,000
- **The rate of high consequences injuries in the workplace** (excluding deaths)  
is the ratio of the total number of high consequences injuries in the workplace (excluding deaths) to the total number of hours worked, multiplied by 200,000
- **The rate of recordable workplace injuries** is the ratio of the number of recordable workplace injuries, excluding injuries incurred during commuting, to the total number of hours worked, multiplied by 200,000
- **The hours worked by external workers** were calculated based on an estimate of the value of the labour contract and the average hourly cost of the same labour, distinguishing between Italy and other countries. For Gico and Pizza Group, the estimation in 2021 is supported by the timecard management system
- **Direct emissions (Scope 1):** for the consumption of natural gas, LPG, petrol and diesel, the emission factors from the DEFRA (Department for Environment Food & Rural Affairs of the United Kingdom) were applied; for refrigerant gas leaks from air conditioning units, the GWP published in the fifth Assessment Report (AR5) of the IPCC (Intergovernmental Panel on Climate Change) was applied
- **Indirect emissions (Scope 2):**
  - *Location based: these emissions were calculated by multiplying the electricity purchased from the national grid by the energy mix emission factor used in Terna international comparisons based on Enerdata data - 2019, 2018 data*
  - *Market based: these emissions were calculated by multiplying the amount of non-renewable energy by the residual mix emission factors of each country, according to the following source valid for consumption within the European Union: European Residual Mixes, AIB - 2021, 2020, 2019 data. For consumption recorded in the United States and pertaining to the subsidiary Fabbrica LLC, the 2022, 2021 and 2022 Green-e Residual Mix Emissions Rates (2020, 2019 and 2018 data), eGrid subregion EPA NYLI source was applied*

## REVIEW OF DISCLOSURES

The criterion identified by Somec to establish the significance of a change or error in the data and comparative information provided in the NFS of previous years, entails establishing whether such change or error can significantly influence the decision-making process of the NFS recipients.

# GRI CONTENT INDEX<sup>(25)</sup>

<b>Statement of use</b>	Somec S.p.A. has provided the disclosures included in this Non-Financial Statement "in accordance with the GRI Standards" for the period spanning 1 January 2022 - 31 December 2022
<b>GRI 1 used</b>	GRI 1: Foundation 2,021
<b>Applicable GRI Sector Standard(s)</b>	No GRI Sector Standard applicable

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Omitted requirements	Reason	Explanation
<b>General disclosures</b>					
<b>GRI2 General Disclosures - version 2021</b>	<b>1. Organisation and its reporting practices</b>				
	2-1 Organisational details	Group identity			
	2-2 Entities included in the organisation's sustainability reporting	Group identity			
	2-3 Reporting period, frequency and contact point	Preamble			
	2-4 Restatement of information	Methodological note - Review of information			
	2-5 External assurance	Report of the auditing firm			
	<b>2. Activities and workers</b>				
	2-6 Activities, value chain and other business relations	Products and services			
2-7 Employees	The value of people				
2-8 Non-employees	The value of people				

(25) Quantitative indicators that do not relate to any general or topic-specific disclosures of the GRI Standards, which are contained on the pages shown in the Content Index, are not the subject of limited review by EY S.p.A.



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**3. Governance**

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2-9 Governance structure and composition	Integrity and transparency
2-10 Nomination and selection of the highest governing body	Integrity and transparency
2-11 Chair of the highest governing body	Integrity and transparency
2-12 Role of the highest governing body in overseeing the management of impacts	Methodological note - Stakeholder engagement
2-13 Delegation of responsibility for managing impacts	Sustainability at Somec; The value of responsibility
2-14 Role of the highest governance body in sustainability reporting	Methodological note
2-15 Conflicts of interest	Governance, integrity and transparency
2-16 Communication of critical concerns	The value of responsibility, Methodological note
2-17 Collective knowledge of the highest governing body	Governance, integrity and transparency
2-18 Evaluation of the performance of the highest governing body	Governance, integrity and transparency
2-19 Remuneration policies	Governance, integrity and transparency
2-20 Process to determine remuneration	Governance, integrity and transparency

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**GRI2  
General  
Disclosures -  
version  
2021**

2-21 Annual total compensation ratio		Undisclosed indicator	Confidentiality obligations
2-22 Statement on sustainable development strategy	Letter from the Chairman		
2-23 Policy commitments	The value of responsibility, Workers' health and safety, Well-being and empowerment of human resources, Methodological note		
2-24 Embedding policy commitments	The value of responsibility, Workers' health and safety, Well-being and empowerment of human resources, Methodological note		
2-25 Processes to remedy negative impacts		Undisclosed indicator	Unavailable or incomplete disclosure
2-26 Mechanisms for seeking advice and raising concerns	Governance, integrity and transparency		
2-27 Compliance with laws and regulations	Responsible management of procurement processes		
2-28 Membership associations	The Group is not a member of any association worth mentioning		
2-29 Approccio al coinvolgimento degli stakeholder	Stakeholder engagement		
2-30 Contratti collettivi	Well-being and empowerment of our people		

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Omitted requirements	Rason	Explanation
<b>Material topics</b>					
<b>GRI 3 Material topics - Version 2021</b>	3-1 Process to determine material topics	Sustainability at Somec			
	3-2 List of material topics	Sustainability at Somec			
<b>Governance of sustainability and business ethics</b>					
<b>GRI 3 Material Topics 2021</b>	3-3 Management of material topics	Integrity and transparency			
<b>GRI 205 Anticorruption 2016</b>	205-3 Confirmed incidents of corruption and actions taken	Integrity and transparency			
<b>Material consumption</b>					
<b>GRI 3 Material Topics 2021</b>	3-3 Management of material topics	Choosing materials between innovation and responsibility			
<b>GRI 301 Materials 2016</b>	301-1 Materials used by weight or volume	Choosing materials between innovation and responsibility			
<b>Energy efficiency and climate change</b>					
<b>GRI 3 Material Topics 2021</b>	3-3 Management of material topics	Energy efficiency and measures to fight climate change			
<b>GRI 302 Energy 2016</b>	302-1 Energy consumption within the organisation	Energy efficiency and measures to fight climate change			
	302-4 Reducing energy consumption	Energy efficiency and measures to fight climate change			
<b>GRI 305 Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	Energy efficiency and measures to fight climate change			
	305-2 Energy indirect (Scope 2) GHG emissions	Energy efficiency and measures to fight climate change			



GRI Standard/ Other Source	Disclosure	Location	Omission		
			Omitted requirements	Rason	Explanation
<b>Waste management and circular economy</b>					
<b>GRI 3 Material Topics 2021</b>	3-3 Management of material topics	Responsible use of resources			
<b>GRI 306 Waste 2020</b>	306-1 Waste generation and waste-related impacts	Responsible use of resources			
	306-2 Management of significant waste-related impacts	Responsible use of resources			
	306-3 Waste generated	Responsible use of resources			
<b>Supply chain sustainable management</b>					
<b>GRI 3 Material Topics 2021</b>	3-3 Management of material topics	The supply chain			
<b>GRI 308 Supplier Environmental Assessment 2016</b>	308-1 New suppliers that were screened using environmental criteria	The supply chain			
<b>GRI 414 Supplier social assessment 2016</b>	414-1 New suppliers that were screened using social criteria	The supply chain			
<b>GRI 204 Procurement Practices 2016</b>	204-1 Proportion of spending on local suppliers	The supply chain			
<b>Employee welfare and well-being</b>					
<b>GRI 3 Material Topics 2021</b>	3-3 Management of material topics	Well-being and empowerment of our people			
<b>GRI 401 Employment 2016</b>	401-1 New employee hires and employee turnover	Well-being and empowerment of our people			
<b>Diversity and equal opportunities</b>					
<b>GRI 3 Material Topics 2021</b>	3-3 Management of material topics	The value of people			
<b>GRI 405 Diversity and equal opportunities 2016</b>	405-1 Diversity of governance bodies and employees	The value of people			

GRI Standard/ Other Source	Disclosure	Location	Omission			
			Omitted requirements	Rason	Explanation	
<b>Occupational health and safety</b>						
<b>GRI 3 Material Topics 2021</b>	3-3 Management of material topics	Workers' health and safety				
	403-1 Occupational health and safety management system	Workers' health and safety				
	403-2 Hazard identification, risk assessment, and incident investigation	Workers' health and safety				
	403-3 Occupational health services	Workers' health and safety				
	403-4 Worker participation, consultation, and communication on occupational health and safety	Workers' health and safety				
	<b>GRI 403 Occupational health and safety 2018</b>	403-5 Worker training on occupational health and safety	Workers' health and safety			
		403-6 Promotion of worker health	Workers' health and safety			
		403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Workers' health and safety			
		403-9 Work-related injuries	Workers' health and safety			
		403-10 Work-related ill health	The value of people			



GRI Standard/ Other Source	Disclosure	Location	Omission		
			Omitted requirements	Rason	Explanation
<b>Development of resources and human capital</b>					
<b>GRI 3 Material Topics 2021</b>	3-3 Management of material topics	Well-being and empowerment of our people			
<b>GRI 404 Training and Education 2016</b>	404-1 Average hours of training per year per employee	Well-being and empowerment of our people			
	404-2 Programs for upgrading employee skills and transition assistance programs	Well-being and empowerment of our people			
<b>Human Rights</b>					
<b>GRI 3 Material Topics 2021</b>	3-3 Management of material topics	The value of responsibility; Well-being and empowerment of our people			
<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	The value of responsibility; Well-being and empowerment of our people			
<b>Labour relations</b>					
<b>GRI 3 Material Topics 2021</b>	3-3 Management of material topics	Well-being and empowerment of our people			
<b>GRI 407 Freedom of association and collective bargaining 2016</b>	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Well-being and empowerment of our people			
<b>Safety and product innovation</b>					
<b>GRI 3 Material Topics 2021</b>	3-3 Management of material topics	Choosing materials between innovation and responsibility			
<b>GRI 416 Clients' health and safety 2016</b>	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Choosing materials between innovation and responsibility			

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Omitted requirements	Rason	Explanation
<b>Relationship with local communities</b>					
<b>GRI 3 Material Topics 2021</b>	3-3 Management of material topics	People around us: the local community			
<b>Other disclosure provided not related to material topics</b>					
<b>GRI 201 Economic performance</b>	201-1 Direct economic value generated and distributed	The value of responsibility			
	207-1 Approach to tax	Governance, integrity and transparency - Tax transparency			
	207-2 Tax governance, control, and risk management	Governance, integrity and transparency - Tax transparency			
	207-3 Stakeholder engagement and management of concerns related to tax	Governance, integrity and transparency - Tax transparency			
<b>GRI 207 Tax 2019</b>	207-4 Country-by-country reporting	Governance, integrity and transparency - Tax transparency			
	303-1 Interactions with water as a shared resource	Responsible use of resources			
<b>GRI 303 Water and Effluents 2018</b>	303-2 Management of water discharge-related impacts	Responsible use of resources			
	303-3 Water withdrawal	Responsible use of resources			



## AUDITOR'S REPORT



Building a better  
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### Independent auditors' report on the consolidated disclosure of non-financial information in accordance with Article 3, par. 10, of Legislative Decree 254/2016 and with Article 5 of CONSOB Regulation adopted with Resolution n. 20267 of January 18, 2018

*(Translation from the original Italian text)*

To the Board of Directors of  
Somec S.p.A.

We have been appointed to perform a limited assurance engagement pursuant to Article 3, paragraph 10, of Legislative Decree 30 December 2016, n. 254 (hereinafter "Decree") and article 5 of CONSOB Regulation adopted with Resolution 20267/2018, on the consolidated disclosure of non-financial information of Somec S.p.A. and its subsidiaries (hereinafter "Somec Group" or "Group") for the year ended on 31<sup>st</sup> December 2022 in accordance with article 4 of the Decree approved by the Board of Directors on 22<sup>nd</sup> March 2023 (hereinafter "DNF").

Our limited assurance engagement does not cover the information included in the paragraph "The European Union Taxonomy" of the DNF, that are required by art.8 of the European Regulation 2020/852.

#### Responsibilities of Directors and Board of Statutory Auditors for the DNF

The Directors are responsible for the preparation of the DNF in accordance with the requirements of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" defined by GRI - Global Reporting Initiative ("GRI Standards"), with regards to the selection of GRI Standards specified in the paragraph "Methodological Note" of the DNF, identified by them as a reporting standard.

The Directors are also responsible, within the terms provided by law, for that part of internal control that they consider necessary in order to allow the preparation of the DNF that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for identifying the contents of the DNF within the matters mentioned in article 3, par. 1, of the Decree, considering the business and the characteristics of the Group and to the extent deemed necessary to ensure the understanding of the Group's business, its performance, its results and its impact.

The Directors are also responsible for defining the Group's management and organization business model, as well as with reference to the matters identified and reported in the DNF, for the policies applied by the Group and for identifying and managing the risks generated or incurred by the Group.

The Board of Statutory Auditors is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

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### Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

### Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the DNF with the requirements of the Decree and of the GRI Standards. Our work has been performed in accordance with the principle of "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and execution of work in order to obtain a limited assurance that the DNF is free from material misstatements. Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the DNF were based on our professional judgment and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the DNF, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the relevant matters in relation to the activities and characteristics of the Group reported in the DNF, in order to assess the reasonableness of the selection process applied in accordance with the provisions of article 3 of the Decree and considering the reporting standard applied;
2. analysis and evaluation of the criteria for identifying the consolidation area, in order to evaluate its compliance with the provisions of the Decree;
3. comparison of the economic and financial data and information included in the DNF with those included in the Somec Group's consolidated financial statements;
4. understanding of the following aspects:
  - o Group's management and organization business model, with reference to the management of the matters indicated in the article 3 of the Decree;
  - o policies adopted by the Group related to the matters indicated in the article 3 of the Decree, results achieved and related key performance indicators;
  - o main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.





With regard to these aspects, we obtained the documentation supporting the information contained in the DNF and performed the procedures described in item 5. a) below.

5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the DNF.  
In particular, we have conducted interviews and discussions with the management of Somec S.p.A. and with the personnel of Fabbrica LLC and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the DNF.

Furthermore, for significant information, considering the Group activities and characteristics:

- at group level:
  - a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
  - b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- for Fabbrica LLC production site, that we have selected based on its activities, relevance to the consolidated performance indicators and location, we have carried out remote interviews during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

### Conclusions

Based on the procedures performed, nothing has come to our attention that causes us to believe that the DNF of the Somec Group for the year ended on 31<sup>st</sup> December 2022 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the GRI Standards, with regards to the selection of GRI Standards specified in the paragraph "Methodological Note" of the DNF.

Our conclusions on the DNF of the Somec Group do not refer to the information included in the paragraph "The European Union Taxonomy" of the DNF itself, that are required by art.8 of the European Regulation 2020/852.

Treviso, 13<sup>th</sup> April 2023

EY S.p.A.  
Maurizio Rubinato  
(Statutory Auditor)

*This report has been translated into the English language solely for the convenience of international readers.*



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For further information about the contents of this Consolidated Non-Financial Statement, please contact us directly at the following e-mail address:

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